

Congressional Digest

January, 1921

President's Recommendations to Congress
by Day Proceedings in Senate and House

The Message of an American Mission
to the Government, Handling Its Affairs
Recommendations to the Secretary of the Interior

General Correspondence

John W. L. Jones of the House of Representatives
John W. L. Jones of the House of Representatives
John W. L. Jones of the House of Representatives

Editorial and General Features

The Congressional Digest

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Alice Gram Robinson, *Editor and Publisher*

Contents for January, 1926

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The Congressional Digest

Volume V

JANUARY, 1926

Number 1

The Sixty-ninth Congress

First, or "Long" Session, Convened December 7, 1925.

In the Senate

96 members

56 Republicans

39 Democrats

1 Farmer-Labor

Presiding Officer

President: Charles G. Dawes, Vice-President

Floor Leaders

Majority Leader
Charles Curtis, Kans., R.

Minority Leader
Joseph T. Robinson, Ark., D.

In the House

435 members

247 Republicans

2 Socialists

183 Democrats

1 Independent

2 Farmer-Labor

Presiding Officer

Speaker: Nicholas Longworth, Ohio, R.

Floor Leaders

Majority Leader
John Q. Tilson, Conn., R.

Minority Leader
Finnis J. Garrett, Tenn., D.

Action Taken on President's Recommendations to Congress

For the period December 7, 1925, to January 6, 1926

The President's recommendations for legislative action contained in his annual message of December 8, 1925, to the 69th Congress, were printed in the December, 1925 number of THE CONGRESSIONAL DIGEST, p. 327. The bills cited below embody the President's recommendations in whole or in part, but have not been specifically endorsed by the President unless indicated. The following report includes only those recommendations on which Congress has acted during the period December 7, 1925 to January 6, 1926. Action on these recommendations is reported in this Department month by month.

Taxation

"The Ways and Means Committee of the House has undertaken in advance of the meeting of the Congress to frame a revenue act. I approve of the bill in principle."

On December 7, Mr. Green, Chairman of the House Committee on Ways and Means, reported from the Committee the bill (H. R. 1) to reduce and equalize taxation, to provide revenue, and for other purposes. The bill was passed by a vote of 390 to 25 by the House on December 18 in substantially the form reported from the Committee, except for a committee amendment substituting a 14 years tenure of office for members of the Board of Tax Appeals in place of life tenure of office as originally reported. The bill was referred in the Senate to the Committee on Finance. Mr. Smoot, Chairman of that Committee, has called a meeting of the Committee for January 4, when consideration of the revenue bill will begin.

Appropriation Bills

Dec. 9—The message of the President transmitting the Budget for 1927 was read in the House and referred to the Committee on Appropriations. The Senate received the Budget message on the following day and referred it to the Committee on Appropriations.

Dec. 18—Mr. Madden, Chairman of the Committee on Appropriations reported the first supply bill (H. R. 5959),

a bill making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1927, and for other purposes. House Report No. 7. The bill carries an appropriation for the Treasury Department of \$129,616,158.63, and for the Post Office Department of \$738,236,303.00. The House began consideration of the bill immediately after the passage of the revenue bill (H. R. 1) and had practically concluded work on the measure when adjournment was taken for the Christmas recess. The bill was passed by the House January 4, and is now before the Senate Committee on Appropriations.

Jan. 6—The House began the consideration of the bill (H. R. 6707) making appropriations for the Interior Department for the fiscal year ending June 30, 1927. The bill carries a total of \$226,473,638.

Foreign Relations

*"Under congressional sanction it would seem to be wise to participate in any conference of the great powers for naval limitation of armament * * *"*

Jan. 4—The message from the President transmitting a request for an appropriation of \$50,000 to cover expenses of a preparatory commission for the disarmament conference which is to meet in Geneva in February, was referred in the House to the Committee on Foreign Affairs.

Jan. 5—Mr. Connally, Tex., D., introduced a joint resolution (H. J. Res. 105) authorizing the President to send representatives to sit upon a preparatory commission for the disarmament conference, and authorizing an appropriation of \$50,000 to cover the expenses of participation.

Jan. 6—Mr. Temple, Pa., R., introduced a joint resolution (H. J. Res. 107) authorizing an appropriation of \$50,000 in compliance with the President's recommendations. Both resolutions were referred to the Committee on Foreign Affairs.

Court of International Justice

*"Pending before the Senate for nearly three years is the proposal to adhere to the protocol establishing the Permanent Court of International Justice * * *. We can contribute greatly to the advancement of our ideals by joining with other nations in maintaining such a tribunal."*

Dec. 17—The Senate in accordance with the special order made in executive session on March 13, 1925, during the special session of Senate of the 69th Congress, began on December 17 in open executive session the consideration of the resolution (S. Res. 5, Swanson, Va. D.) granting favorable advise and consent of the Senate on the part of the United States to the protocol of December 16, 1920, with reservations. Mr. Swanson, Va., D., made the opening speech in support of the resolution. Debate was continued on December 18, Mr. Borah, Ida., R. speaking in opposition to and Mr. Lenroot, Wisc., R., and Mr. Walsh, Mont., D., in favor of the World Court. On December 21, Mr. Walsh resumed his speech. Mr. Pepper, Pa., R., discussed various World Court proposals. On January 4, Mr. Willis, O., R., spoke on the World Court. The World Court resolution (S. Res. 5) remains the unfinished business of the Senate in open executive session.

Foreign Debts

*"It is believed that * * * these settlements * * * already negotiated * * * represent in each instance the best that can be done and the wisest settlement that can be secured."*

Dec. 8—Debt funding agreements executed by the World War Foreign Debt Commission and the governments of Italy (S. Doc. No. 3), Latvia (S. Doc. No. 8), Rumania (S. Doc. No. 5), Esthonia (S. Doc. No. 7), Czechoslovakia (S. Doc. No. 6) and Belgium (S. Doc. No. 4) were transmitted by the President with his approval, and were referred in the Senate to the Committee on Finance, and in the House to the Committee on Ways and Means.

Dec. 10—Mr. Smoot, Chairman of the Senate Committee on Finance introduced the following bills which were referred to the Committee on Finance: S. 1134—A bill to authorize the settlement of the indebtedness of Czechoslovakia to United States; S. 1135—A bill to authorize the settlement of the indebtedness of Esthonia to the United States; S. 1136—A bill to authorize the settlement of the indebtedness of Italy to the United States; S. 1137—A bill to authorize the settlement of the indebtedness of Belgium to the United States; S. 1138—A bill to authorize the settlement of the indebtedness of Latvia to the United States; S. 1139—A bill to authorize the settlement of the indebtedness of Rumania to the United States.

Dec. 10—Mr. Burton, O., R., introduced bills to authorize the settlement of the indebtedness of the following

governments to the United States: H. R. 4743 (Rumania); H. R. 4744 (Italy); H. R. 4745 (Belgium); H. R. 4746 (Esthonia); H. R. 4747 (Latvia); H. R. 4748 (Czechoslovakia). The bills were referred to the Committee on Ways and Means. At the request of the Committee, Secretary Mellon and other members of the Debt Commission will appear before the committee on January 4, 1926, when hearings will be held on the bills.

Dec. 15—Mr. Smoot from the Senate Committee on Finance reported without amendments the following bills: S. 1134, S. 1135, S. 1136, S. 1137, S. 1138 and S. 1139. On December 16, Mr. Smoot requested unanimous consent to proceed with the consideration of the debt settlement bills. Mr. Reed, Mo., D., objected. In the House, Mr. Green, Ia., R., Chairman of the Committee on Ways and Means, stated that his Committee would insist upon the Constitutional right of priority in consideration of the foreign debt funding bills.

Jan. 5—Mr. Burton reintroduced the bills providing for debt settlements as follows: H. R. 6772 (Rumania); H. R. 6773 (Italy); H. R. 6774 (Belgium); H. R. 6775 (Esthonia); H. R. 6776 (Latvia) and H. R. 6777 (Czechoslovakia). The measures were practically the same as introduced on December 10, except for corrections in the printed form.

Jan. 7—The House Committee on Ways and Means reported the following bills to authorize the settlement of indebtedness to the United States: H. R. 6772 (Rumania), Report No. 46; H. R. 6774 (Belgium), Report No. 47; H. R. 6775 (Esthonia), Report No. 48; H. R. 6776 (Latvia), Report No. 49; H. R. 6777 (Czechoslovakia), Report No. 50.

National Defense

*"The Departments of War, Navy and Commerce should each be provided with an additional assistant secretary * * * to give special attention to air navigation."*

Aviation is a great importance both for national defense and commercial development. We ought to proceed in its improvement by the necessary experiment and investigation."

Dec. 10—The report of the President's Aircraft Board relative to the best means of developing aircraft in national defense, etc., was referred to the Senate Committee on Military Affairs. In the House, the report was referred to the Committee on Military Affairs, the Committee on Naval Affairs and the Committee on Interstate and Foreign Commerce.

Dec. 8—A bill (S. 41) to encourage and regulate the use of aircraft in commerce, etc., was introduced by Mr. Bingham, Conn., R., and referred to the Senate Committee on Commerce. On December 14, the Committee reported the bill with an amendment (S. Report 2). The bill was passed on December 16. In the House the measure was referred to the Committee on Interstate and Foreign Commerce on December 17. Pending before this Committee is a companion House bill (H. R. 4772) introduced by Mr. Parker, N. Y., R., on December 10.

Agriculture

*"A bill * * * which has been drafted with the approval of * * * leaders in the cooperative movement will be presented to the Congress."*

On December 21, Mr. McNary, Chairman of the Committee on Agriculture and Forestry introduced a bill

Continued on page 31

President Coolidge Transmits Budget for 1927

Extracts from the President's Message Transmitting the Budget of the United States for 1927. The Message was read in the House on December 9, and referred to the House Committee on Appropriations. The Senate which was not in session on the 9th, received the Budget Message on the following day, and referred it to the Senate Committee on Appropriations.

A detailed account of the preparation, ratification, execution and audit of the Budget, prepared by the officials of the Bureau of the Budget, together with a digest of the Budget and Accounting Act of 1921, was printed in the November, 1922, number of The Congressional Digest. See also the November, 1923, and December, 1924 numbers of The Congressional Digest for the Budget for 1925, and for 1926, respectively.

TO THE CONGRESS OF THE UNITED STATES:

I transmit herewith the Budget of the United States for the fiscal year ending June 30, 1927. The receipts and expenditures shown in detail in the Budget are summarized in the following statement:

Budget Summary¹

	Estimates, 1927	Estimated, 1926	Actual 1925
Total receipts	\$3,824,530,203.00	\$3,880,716,942.00	\$3,780,148,684.42
Total expenditures ²	3,494,222,308.44	3,618,675,186.00	3,529,643,446.09
Excess of receipts	330,307,894.56	262,041,756.00	250,505,238.33

The Budget for the fiscal year 1926, transmitted to the Congress December 1, 1924, indicated that for the fiscal year ending June 30, 1925, there would be a surplus of receipts over expenditures of \$67,884,489. The actual surplus was \$250,505,238. This gratifying difference between estimates and actual results was due mainly to unexpected increases in receipts, though a reduction in expenditures helped to swell the total.

In that Budget it was estimated that receipts for the current fiscal year, 1926, would amount to \$3,641,295,092 and expenditures \$3,267,551,378, forecasting a surplus of receipts over expenditures of \$373,743,714. This estimate, which was made one year ago, has materially changed. On the receipt side of the ledger the operations of the last five months of this fiscal year indicate that we will receive \$3,880,716,000. On the other side of the ledger the expenditures estimated a year ago as \$3,267,551,000 stand increased today to an estimated total of \$3,618,675,000, an increase of \$351,124,000. The indications today are that the surplus for 1926 will amount to \$262,041,000.

It is appropriate here to mention the principal items which enter into this increase in estimated expenditures for the current fiscal year, for which it will be necessary to submit supplemental estimates to the Congress. The Budget for 1926 carried an estimate of \$50,000,000 for the second payment to the adjusted service certificate fund established under the World War adjusted compensation act of May 19, 1924. The indications today are that there will be issued not less than 3,400,000 certificates of insurance at an average cost of \$1,033 each. On this basis the cost of the World War adjusted compensation act will reach \$3,500,000,000. The law contemplates that the financial obligation which it creates shall be equally distributed over a period of 20 years. To meet this obligation will require a payment of \$106,000,000 to the fund on January 1, 1926, in addition to the \$50,000,000

Continued on next page

¹ Exclusive of postal revenues and postal expenditures paid from postal revenues.

² Including reduction of the public debt required by law to be made from ordinary receipts.

Estimates of appropriation for 1927 compared with appropriations for 1926

	Estimates of appropriations, 1927	Appropriations 1926
Legislative establishment	\$16,498,381.70	\$14,915,001.80
Executive Office	441,960.00	489,960.00
Independent offices:		
Civil Service Commission	1,001,592.00	1,008,092.00
Employees' Compensation Commission	2,742,040.00	2,301,500.00
Federal Board for Vocational Education	8,210,620.00	8,227,000.00
Federal Trade Commission	997,000.00	1,008,000.00
General Accounting Office	3,714,400.00	3,701,960.00
Housing Corporation	674,398.00	743,915.00
Interstate Commerce Commission	6,033,309.25	6,853,962.00
Public Buildings and Public Parks	2,293,850.00	2,282,505.00
Tariff Commission	699,000.00	721,500.00
Shipping Board and Emergency Fleet Corporation	14,198,574.00	24,330,000.00
Smithsonian Institution and National Museum	858,240.00	874,020.00
United States Veterans' Bureau	458,965,000.00	405,700,000.00
Other independent offices	4,879,876.00	1,578,045.00
Total, Executive Office and independent offices	505,709,859.25	459,820,459.00
Department of Agriculture	140,717,758.00	138,075,191.00
Department of Commerce	30,402,847.00	28,542,129.00
Department of Interior	250,967,602.00	262,255,603.50
Department of Justice	24,367,027.00	24,205,822.00
Department of Labor	8,567,305.00	8,627,625.00
Navy Department	322,869,430.00	302,862,378.00
State Department	16,614,932.64	16,277,652.51
Treasury Department	157,563,713.63	153,708,404.50
War Dept. including Panama Canal	335,641,525.00	339,765,931.00
District of Columbia	35,626,579.00	36,032,853.00
Total, ordinary	1,845,546,960.22	1,785,089,050.31
Reduction in principal of the public debt:		
Sinking Fund	339,423,648.44	325,304,445.00
Redemption of securities from Federal reserve bank and Federal intermediate credit bank franchise tax receipts	1,000,000.00	1,000,000.00
Redemption of bonds, etc., received as payments of principal and as interest payments on obligations of foreign governments	175,159,750.00	174,124,150.00
Principal of the public debt	515,583,398.44	500,428,595.00
Interest on the public debt	795,000,000.00	820,000,000.00
Total payable from the Treasury	3,156,130,358.66	3,105,517,645.31
P. O. Dept. and Postal Service, payable from postal revenues	740,077,563.00	636,269,415.00
Total, including Post Office Department and Postal Service	3,896,207,921.66	3,741,787,060.31

already appropriated. Subsequent payments to the fund will require approximately \$140,000,000 annually.

An additional amount of \$91,000,000 will be required to meet the refunds of taxes illegally collected.

For Federal aid to post roads, an additional amount of \$23,000,000 will be required this fiscal year, and to meet the estimated deficit in postal revenues \$37,100,000 will be required.

The next item of importance is that of pensions, for which it is estimated an additional \$8,000,000 will be required this fiscal year.

The outlook for the coming fiscal year, 1927, is most favorable. For that year it is estimated that the ordinary receipts will be \$3,824,530,000 and expenditures \$3,494,222,000. This indicates a surplus of \$330,307,000.

In the last four fiscal years there have been two substantial reductions in taxes. We have restored to the people a part of the moneys which we required of them to finance the World War. We are now in that favorable position of making further restoration. I therefore recommend to the Congress that there be a further reduction in taxes.

We have about reached the time when the legitimate business of Government can not be carried on at a less expenditure than that which it now requires. The normal expansion of the business of the Government in keeping pace with a growing Nation will involve added expenditure from year to year. The effort for economy, however, must continue.

For the air services the estimates carry a total of \$42,447,000, being \$16,793,000 for the Army, \$22,391,000 for the Navy, \$2,750,000 for the air-mail service of the Post Office Department, and \$513,000 for the National Advisory Committee for Aeronautics. These amounts include contract authorizations, but do not include funds provided in other Budget items for the pay of commissioned Air Service officers, pay, housing, and general maintenance for the enlisted Air Service personnel, and certain classes of supplies and services of a general character furnished for Air Service activities. If we include these items, the total for the Air Service in 1927 will amount to not less than \$76,000,000. The estimates for the air services for 1927 are in furtherance of the program which was commenced this year. They propose procurement from the industries of airplanes, engines, and accessories to the amount of \$20,954,000. The remaining \$21,493,000 is for maintenance, operation, experimentation, and research. This Government is pursuing an orderly policy toward building up its air services. We realize that our national defense air problem is primarily an industrial problem. We also know that the airplane industry today is dependent almost entirely upon Government business for its development and growth. We do not contemplate any competition between the Government and industry in the production of airplanes.

The estimates carry a total of \$21,940,529 for prohibition enforcement. This includes \$12,634,000 for the activities of the Coast Guard in preventing rum smuggling. As an adjunct to prohibition enforcement, the Coast Guard has proved most effective. Its activities should be enlarged and strengthened at the earliest date possible. I propose to recommend to the Congress additional appropriations for the Coast Guard for the remainder of this fiscal year and for all of the next fiscal year. Provision is not made in this Budget for this additional equipment and personnel for 1927 for the reason that it should be

presented to the Congress as one program, involving as it does the current as well as the next fiscal year. It is also proposed to recommend to the Congress that legislation be enacted which will authorize the construction of 10 new Coast Guard cutters which will cost approximately \$9,000,000. They will replace the destroyers now being used and which are expensive of operation. Every available resource of the Government will be employed for prohibition enforcement.

Funds are carried in these estimates for strengthening that branch of the Department of Justice which is charged with the prosecution of violators of its provisions.

Federal aid to States is annually requiring more than \$109,000,000. The estimates for this purpose for 1927 amount to something in excess of \$110,000,000. The principal item is for rural post roads, for which an appropriation is requested of \$80,000,000. The law authorizing Federal aid to States for the construction of rural post roads does not extend beyond the fiscal year 1927. The amount of \$80,000,000 does not discharge our entire obligation under existing law. In addition to this amount, the authorizations for which moneys have not yet been appropriated amount to \$116,700,000.

I do, however, recommend for the consideration of the Congress that future legislation restrict the Government's participation in State road construction to primary or interstate highways, leaving it to the States to finance their secondary or intercounty highways. This would operate to diminish the amount of Federal contribution.

For reclamation projects I am recommending \$6,437,000. Congress laid down certain restrictions on the use of the funds for new construction. These restrictions contemplated that the Government would have assurance of the paying ability of the projects before funds were expended on them. I am in full accord with this policy.

I repeat my former recommendation that in the interest of good administration of Federal business provision be made at once by the Congress for an annual appropriation of not in excess of \$10,000,000 for the construction of buildings in the District of Columbia to properly house the Government's workers.

No general building has been enacted since before the war. I am not in favor of the passage of an act which would be characterized as a general parceling out of favors. I am willing to approve an act similar in character to that which has already passed the House, providing a lump-sum appropriation to be expended under the direction of the Treasury, or any other proper authority, over a term of years, with such annual appropriations as the national finances could provide.

The construction of Federal buildings at strategic points throughout the United States will be of material assistance in the transaction of public business and reduce rentals.

The estimates include \$140,000,000 to be credited to the adjusted service certificate fund established under the World War adjusted compensation act of May 19, 1924. This amount is necessary for the third payment to the fund to be made January 1, 1927.

During the fiscal year ended June 30, 1925, the gross public debt was reduced \$734,619,101.59. The debt was at its peak on August 31, 1919, when the gross amount outstanding was \$26,596,701,648.01. The gross amount outstanding on June 30, 1925, was \$20,516,193,887.90. The reduction accordingly has been \$6,080,507,760.11, and the annual saving in interest amounts to more than \$250,000,000.—Extracts.

Congress Day by Day

A Daily Record of Proceedings on the Floor of the Senate and House

For the Period December 7-22, 1925

Monday, December 7, 1925

SENATE:

Charles G. Dawes, Ill., Vice President of the United States called the Senate to order at 12 o'clock noon, beginning the first or "long" session of the Sixty-ninth Congress. Eighty-nine Senators were present. The oath of office was administered to George H. Williams, Mo., R., appointed to fill the unexpired term of the late Senator Spencer; to Robert M. La Follette, Jr., Wis., R., elected to fill the unexpired term of the late Senator La Follette; and to Arthur R. Robinson, Ind., R., appointed to fill the unexpired term of the late Senator Ralston. The credentials of Gerald P. Nye, N. D., R., appointed to fill the unexpired term of the late Senator Ladd were referred to the Committee on Privileges and Elections.

The following resolutions were submitted by Mr. Curtis, Kans., R., and agreed to: S. Res. 43—That the Secretary inform the House of Representatives that the Senate is ready to proceed to business; S. Res. 44—that a Committee be appointed to join with a House Committee to inform the President of the United States that the Congress is ready to receive communications from him; S. Res. 45—that the hour of meeting of the Senate be 12 o'clock meridian until otherwise ordered; S. Res. 46—that Edwin P. Thayer, of Indiana, be elected Secretary of the Senate; S. Res. 49—that Edwin A. Halsey, of Virginia, be elected Acting Assistant Doorkeeper of the Senate.

Mr. Robinson, Ark., D., Minority Leader, requested unanimous consent (which was given) that the record of the special order made in executive session during the special session of the Senate on March 13, 1925, providing for the consideration of S. Res. 5—Swanson, Va., D. (proposed adherence of the United States to the World Court) on December 17, 1925, be printed in the Record.

Mr. Swanson, Va., D., announced that he would address the Senate on December 17 in behalf of S. Res. 5.

Resolutions on the late Senators La Follette, Ladd and Ralston were adopted, and adjournment taken out of respect to the deceased Senators.

HOUSE:

The House was called to order at 12 o'clock noon, by William Tyler Page, Clerk of the last House. Four hundred and nineteen members were present. Nicholas Longworth, Ohio, R., Finis J. Garrett, Tenn., D., and Henry Allen Cooper, Wis., R., were nominated for office of Speaker. The vote was as follows: 229 for Mr. Longworth, 173 for Mr. Garrett and 13 for Mr. Cooper. Mr. Longworth, having received a majority of the votes cast, was declared duly elected Speaker of the House for the Sixty-ninth Congress. The oath of office was administered to the Speaker by Mr. Butler, Mass., R.

The Speaker administered the oath of office to the Members and Delegates. Mr. Butler and Mr. Griest, Pa., R., qualified by affirmation. H. Res. 1—providing for the election of William Tyler Page as Clerk of the House, and for the election of other officers of the House was agreed to.

Resolutions of notification to the Senate and to the President were agreed to.

By a vote of 208 to 196 the House agreed to H. Res. 6—adopting the rules of the 68th Congress with certain amendments—one of which provides for setting aside the rule permitting 150 members to order the "discharge" of a committee from further consideration of legislation before it, and substituted a rule under which a majority of the membership may instruct a committee to report out a bill or resolution, subject to parliamentary restrictions).

Resolutions were adopted providing for majority and minority members of the Standing Committees of the House.

Mr. Green, Iowa, R., Chairman of the Committee on Ways and Means, by direction of the Committee reported a bill (H. R. 1) to reduce and equalize taxation and provide revenue. The bill together with the Committee's report was referred to the Committee of the Whole House.

Resolutions were adopted on the deaths of the following members: the late Representative John Jacob Rogers, Mass.,

R.; the late Representative Arthur B. Williams, Mich., R.; the late Representative George B. Churchill, Mass., R.; the late Representative Robert Y. Thomas, Jr., Ky., D.

The House adjourned as a mark of respect to the memory of the deceased members of the House and of the Senate.

A total of 2,927 House bills were introduced the first day.

Tuesday, December 8, 1925

SENATE:

The President's annual message to the Congress was read by the Secretary.

The President transmitted to the Senate about 1,000 recess nominations.

Agreements between the World War Foreign Debt Commission and the governments of Italy, Estonia, Rumania, Latvia, Czechoslovakia, and Belgium, were submitted by the President with his approval, and were referred to the Senate Committee on Finance.

Annual reports for the fiscal year ending June 30, 1925, from the Department of War, the Department of Interior, and the Department of Agriculture were received and referred to the appropriate Committees. A total of 956 bills, and 16 joint resolutions were introduced.

After a brief executive session, the Senate adjourned until Thursday, December 10.

HOUSE:

The President's annual message to the Congress was read by the Clerk of the House.

Began consideration of the revenue bill for 1926 (H. R. 1) in Committee of the Whole House. Mr. Green, Ia., R., Chairman of the Ways and Means Committee, explained the provisions of the bill.

Debt funding agreements executed by the World War Foreign Debt Commission and the governments of Italy, Latvia, Rumania, Estonia, Czechoslovakia and Belgium were transmitted by the President with his approval, and were referred to the Committee on Ways and Means.

Adjourned.

Wednesday, December 9, 1925

SENATE:

Not in session.

HOUSE:

The message of the President transmitting the Budget for 1927 was read and referred to the Committee on Appropriations.

Continued general debate on the revenue bill (H. R. 1). Mr. Hawley, Ore., R., Mr. Rainey, Ill., D., Mr. Garner, Tex., D., and Mr. Mills, N. Y., R., discussed the bill.

Agreed to a resolution (Res. 41, Burton, Ohio, R.) that the credentials of John W. Langley, Representative-elect from the 10th district of Kentucky, be referred to a Select Committee to be appointed by the Speaker.

Adjourned.

Thursday, December 10, 1925

SENATE:

The message from the President transmitting the Budget for 1927 was read and referred to the Committee on Appropriations.

The annual report of the Attorney General was received and referred to the Committee on the Judiciary.

Mr. Couzens, Mich., R., from the Select Committee on Investigation of the Bureau of Internal Revenue submitted a report.

Adopted the joint resolution (S. J. Res. 1, Moses, N. H., R.) to continue the temporary postal rates (Sec. 217 of Public Law No. 506 of 68th Congress) until not later than the end of the second week of the second session of the present Congress.

Mr. Harrison, Miss., D., spoke on the cloture rule advocated by Vice-President Dawes.

Continued on next page

SENATE—continued

Mr. Heflin, Ala., D., criticized the cotton reports of the Crop Reporting Board. Mr. Harris, Ga., D., replied.

After an executive session the Senate adjourned until Monday, December 14, 1925.

HOUSE:

Mr. Bankhead, Ala., D., took the oath of office.

Continued general debate on the revenue bill (H. R. 1). Mr. Watson, Pa., R., spoke against the estate tax. Mr. Green, Fla., D., criticized the 80 per cent rebate feature of the estate tax. Mr. LaGuardia, N. Y., Socialist, criticized the proposed lower surtax rates and the reduction in estate tax rates.

Adjourned.

Friday, December 11, 1925

SENATE:

Not in session.

HOUSE:

The resignation of Mr. Williamson, S. D., R., from the Committee on Rules was accepted.

Adopted concurrent resolution (H. Con. Res. 3, Tilson, Conn., R.) providing for the adjournment of Congress from December 22, 1925, to January 4, 1926, for the Christmas holidays.

Discussed and agreed to the joint resolution (S. J. Res. 1, Moses, N. H., R.) to continue the temporary postal rates until the second session of the 69th Congress.

Continued debate on the revenue bill (H. R. 1). Mr. Treadway, Mass., R., spoke in favor of the bill. Mr. Hastings, Okla., D., reviewed the bill, and protested the terms of the proposed Italian debt settlement. Mr. Ramseyer, Ia., R., Mr. Simmons, Nebr., R., and Mr. Quinn, Miss., D., spoke in favor of higher estate tax rates. Mr. Hill, Md., R., favored the repeal of the estate tax.

Adjourned.

Saturday, December 12, 1925

SENATE:

Not in session.

HOUSE:

Resumed consideration of the revenue bill (H. R. 1). Mr. Garrett, Tenn., D., objected to life tenure of office for members of the Board of Tax Appeals. Mr. Greenwood, Ind., D., spoke in favor of a 50-50 rebate rate in the estate tax to all States irrespective of whether the State collected inheritance taxes. Mr. Chindblom, Ill., R., spoke on the retirement of the national debt. Mr. Deal, Va., D., spoke in favor of a flat uniform tax on incomes. Mr. Berger, Wis., Socialist, said that the proposed bill "will promote the concentration of wealth and hasten the downfall of the system." Mr. Lozier, Mo., D., while favoring the bill, spoke in favor of retaining present estate tax rates. Mr. Gilbert, Ky., D., opposed the proposed repeal of publicity of income tax returns and the reduction in the present estate tax rates. Mr. Denison, Ill., R., spoke against the estate tax. Concluded general debate on the bill.

Adjourned.

Monday, December 14, 1925

SENATE:

Annual report of the Secretary of the Treasury for 1925 was received and referred to the Committee on Finance.

Executive session was held.

Adjourned.

HOUSE:

Mr. Mead, N. Y., D., took the oath of office.

Began reading the revenue bill for amendment. All amendments offered to change the normal income and surtax rates as reported from Committee were rejected.

Adjourned.

Tuesday, December 15, 1925

SENATE:

Mr. Smoot, from the Committee on Finance, reported six bills relating to the settlement of indebtedness of foreign governments to the United States, and requested that the bills be printed in the Record.

Mr. Walsh, Mont., D., requested that the Treaties signed at Locarno be printed in the Record, and also as a Senate document. [S. Doc. No. 21, 69th Congress, 1st session].

Mr. Bingham, Conn., R., spoke on his bill (S. 41) to encourage and regulate the use of aircraft in commerce. The bill was made the unfinished business of the Senate.

Mr. Edge, N. J., D., spoke in favor of the modification of the Volstead Act. Mr. Willis, O., R., replied. Mr. Bruce, Md., D., Mr. King, Utah, D., Mr. Sheppard, Tex., D., and Mr. McKellar, Tenn., D., participated in the debate.

An executive session was held.

Adjourned.

HOUSE:

Resumed consideration of the revenue bill. Mrs. Norton, N. J., D., made her maiden speech in behalf of her amendment that the proposed income tax exemptions be raised to \$5,000, instead of \$3,500 in case of married persons, and \$3,000 instead of \$1,500 for single persons. Mr. Rainey, Ill., D., offered a substitute amendment providing an exemption of \$2,500 in the case of married persons. Both amendments were rejected. Amendments offered by Mr. La Guardia, N. Y., Socialist, and Mr. Griffin, N. Y., D., providing publicity of income tax returns were rejected. A number of committee amendments perfecting the language of the bill were adopted.

Adjourned.

Wednesday, December 16, 1925

SENATE:

Mr. Reed, Mo., D., introduced a resolution (S. Res. 9) authorizing the Committee on Foreign Relations to investigate and report on the general foreign debt situation, and also whether any money or credits had been expended for the purpose of influencing action of the Government of the United States, etc.

Mr. Smoot, Utah, R., requested unanimous consent to proceed with the consideration of the bills authorizing the settlement of the indebtedness of certain foreign countries to the United States. Mr. Reed, Mo., D., objected. Mr. Norris, Nebr., R., announced that he would not oppose any debt settlement made in accordance with the terms of the British debt agreement. Mr. Johnson, Calif., R., and Mr. McKellar, Tenn., D., also took that position. A brief discussion of the proposed terms of debt settlement with Italy and with Belgium ensued.

Adopted the resolution (H. Con. Res. 3) providing for the Christmas holiday recess.

Discussed and passed with minor amendments the bill (S. 41, Bingham, Conn., R.) to regulate the use of aircraft in commerce. In the House the measure was referred to the Committee on Interstate and Foreign Commerce.

An executive session was held.

Adjourned.

HOUSE:

Agreed to majority and minority assignments of members to standing committees of the House.

Mr. Green, Ia., R., Chairman of the Committee on Ways and Means, stated that his committee would insist upon its constitutional right of priority in consideration of foreign debt funding bills.

Resumed consideration of the revenue bill. The estate tax provisions of the proposed bill were debated. Amendments proposed by Mr. Rainey, Ill., D., and by Mr. Ramseyer, Ia., R., were rejected.

Adjourned.

Thursday, December 17, 1925

SENATE:

In accordance with the order of the Senate agreed to on March 13th, last, the Senate in open executive session proceeded to consider Senate Resolution 5, submitted by Mr. Swanson, Va., D., on March 5, 1925, providing for adhesion on the part of the United States to the protocol of December 16, 1920, and the adjourned statute for the Permanent Court of International Justice, subject to certain reservations, etc. Mr. Swanson spoke in support of the resolution. (The World Court resolution continues the unfinished business in the open executive session).

Mr. Ransdell, La., D., spoke on the development of waterways.

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Special Feature

The Maintenance of an American Merchant Marine

Government Aid to American Shipping in Past
Congress Decides to Develop a Merchant Marine
The Merchant Marine Act of 1920
How the Government is Handling its Shipping
The Administration's Recommendations as to Shipping
Recommendations by Business, Shipping Interests, Steamship-Owners, and Organized Labor
Legislation Pending in 69th Congress
Pro and Con Discussion

Government Aid to American Shipping in the Past

A Review of Legislation Enacted from 1789 until the Passage of the Shipping Act of 1916

ON July 4, 1789, after the United States and Great Britain had signed the Treaty of Paris, bringing to an end the Revolutionary War, Congress passed the first bill to aid the American merchant marine. This bill granted a 10 per cent discount of customs duties on all imports brought into American ports by American ships. This act was followed, in 1789, by several bills which provided that tea imported in American vessels should pay from 50 to 60 per cent less duty than tea imported in foreign vessels; that extra duties be imposed on teas imported in American vessels from countries other than those in which the cargoes originated (this action being aimed at the British monopoly on tea); that American built and American owned vessels pay a tonnage duty of 6 cents per ton while American built and foreign owned vessels pay a tonnage duty of 30 cents a ton and foreign built and foreign owned vessels a tonnage duty of 50 cents per ton; that American vessels engaged wholly in the coastwise trade should pay but one port entry fee a year, whereas an alien vessel should pay a port entry fee every time she entered an American port and, finally, a bill granting a bounty of \$1.50 a ton to all deep sea fishing vessels of over twenty tons.

In 1794 Congress amended the tariff and navigation acts of 1789 by providing that, instead of 10 per cent discount in duties on imports brought in American vessels there should be a 10 per cent duty on imports brought in foreign vessels. At the end of the year 1789 America had 123,893 tons of shipping, carrying 17 per cent of her imports and 30½ per cent of her exports. At the end of the year 1794 America had 438,863 tons of shipping, carrying 91 per cent of her imports and 86½ per cent of her exports.

Carrying out the provisions of the Treaty of Ghent, which ended the War of 1812, Congress, in 1815, repealed most of its tariff laws giving preference to American ships.

In 1817 Congress passed a bill closing the American coastwise trade to all except American ships. This is the only one of the earlier laws passed to aid American shipping which still stands on the statute books.

On April 18, 1818, Congress passed a bill placing an embargo on all British vessels trading between ports of the West Indies and American ports. This action was taken in retaliation against an Order in Council issued by England in 1783 requiring that the West Indian trade be carried exclusively in British vessels, a discrimination the Treaty of 1815 had failed to rectify. Congress repealed this act on March 1, 1823, as the result of an agreement that had been reached with Great Britain by which restrictions on American shipping in the West Indies had been removed.

On May 29, 1830, Congress repealed all legislation placing embargoes on British vessels after Great Britain had opened to American ships the ports of its colonial possessions in the West Indies, South America, the Bahama Islands, the Caicos, the Bermuda and Somer Islands. By 1850 Great Britain and America had removed all restrictions against each other's ships by the repeal of various acts, excepting the restriction to American ships of the American coastwise trade.

On March 3, 1845, Congress passed its first ship subsidy bill. This provided for the payment of mail subsidies to American ships and was passed to meet the mail subsidies granted by Great Britain to the newly created Cunard Line in 1838. The mail subsidy act empowered the Postmaster General to make contracts with steamship companies for either a fixed subsidy or the postage rates. The result of this was the establishment of several steamship lines and in 1847 Congress reaffirmed the Act of 1847 and provided that all ships benefiting by the mail subsidy should be subject to the purchase and control of the Government whenever necessity required. From time to time the amount of aid was increased until the policy of mail subsidies was abandoned in 1858. From 1848 to 1858 the Government spent a total of \$14,400,000 for all services under the Act, or an average of \$1,300,000 a year.

Under the ocean mail laws of 1845 and 1847, a subsidy of \$200,000 for 20 voyages was provided for the Ocean Steamship Company to maintain a line from New York to France and Germany. The Pacific Mail Steamship Com-

pany also established new lines under mail subsidy at this time. In 1847 a contract was concluded between the Postmaster General and the Collins Steamship Line for a service from New York to Liverpool, which was intended to be the most effective in the world. The first subsidy to that line was of \$385,000 a year, which enabled it to fulfill its contracts, and build steamships twice the size and of greater speed than the Cunarders, the most powerful, swift and efficient steamers in existence. Because of their extraordinary performances, and of their higher cost, Congress voluntarily increased the Collins Subsidy to \$858,000 a year. American deep sea steam tonnage increased from 20,870 in 1849 to 115,045 in 1855.

On May 28, 1864, Congress revived the mail subsidy policy by passing a bill granting \$150,000 a year for a service between Philadelphia and Rio de Janeiro, the Government of Brazil paying \$100,000 a year toward the same service, making a total of \$225,000 a year. This service continued from 1865 to 1876. In 1867 the Government entered into a ten year contract with the Pacific Mail Steamship Co. for a service between San Francisco and China and Japan, with stops at Honolulu, at \$500,000 a year. Later the Pacific Mail cut out Honolulu and that part of the service was taken over by the California, Oregon and Mexican Steamship Co. which received \$75,000 a year from the Government.

On March 3, 1891, Congress passed a mail subsidy act, authorizing the Post Office Department to make contracts with American steamship companies to carry mails in American vessels, built in American yards under plans approved by the Navy. Several ships have been built under this Act but the law has not had the full effect

anticipated, so far as encouraging the building of fast liners is concerned. Expenditures by the Post Office Department under this act, which is still in force, have averaged slightly under \$1,000,000 a year. Several lines which undertook these contracts annulled them after a few years.

From 1891 to 1914 Congress was petitioned for adequate encouragement to American ocean ship building and navigation. Following the Spanish War, a bill granting direct aid, championed by Senators Frye and Hanna, passed the Senate but could win no favorable action in the House. In 1904 President Roosevelt secured the appointment of a Merchant Marine Commission of Senators and Representatives to study the shipping question and present a report.

1906—Another bill, granting aid to both mail and cargo vessels, recommended by the Republican majority of this commission, passed the Senate on February 14, 1906, by a vote of 38 to 27. The House eliminated the aid to cargo vessels from the bill and mail subvention was restricted to certain lines to South America. In this form the bill was passed by the House on March 1, 1907, but concurrence of the Senate was prevented by a filibuster in the last hours of the expiring Congress.

Senator Gallinger brought forward the bill in postal form, and it was passed by the Senate on March 20, 1908, without a division. This bill, as an amendment to the postoffice appropriation bill, was brought up in the House on May 23, 1908, and defeated, 145 to 153. On March 2, 1909, on a roll call in the House, the ocean mail bill was again rejected, by a vote of 172 to 175.

Congress Decides to Develop a Merchant Marine

The Shipping Act of 1916—to Develop a Merchant Marine to Meet the Requirements of the Commerce of the United States.

America Enters the World War

The Development of the Government-Owned Merchant Fleet

THE Shipping Act of 1916, passed in September, 1916, was "An Act to establish a United States Shipping Board for the purpose of encouraging, developing and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its territories and possessions and with foreign countries, to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes."

This Act provided for the appointment by the President of five members of the Shipping Board, with salaries of \$7,500 each, the members of the Board to be chosen with due regard to their fitness for office, fair representation of the geographical division of the country to be considered. The members of the Board were empowered to elect their own chairman each year.

The Shipping Board, under this Act, was directed to make studies of ways and means to develop an American merchant marine and to report its recommendations to Congress. Section 11 of the Shipping Act of 1916 authorized the Board to form one or more corporations under the laws of the District of Columbia, if necessary to carry out the purposes of the Act.

It was under this section that the Shipping Board, on April 14, 1917, formed the Emergency Fleet Corporation.

Section 11 of the Shipping Act of 1916 reads, in part, as follows:

"That the Board, if in its judgment such action is necessary to carry out the purposes of this Act, may form under the laws of the District of Columbia one or more corporations for the purchase, construction, equipment, lease, charter, maintenance and operation of merchant vessels in the commerce of the United States. The total capital stock thereof shall not exceed \$50,000,000."

On January 30, 1917, the Shipping Board having been appointed and confirmed, met and formally organized. On April 6, 1917, America entered the World War. On April 14, in response to the demand to build ships, the Shipping Board passed the following resolution creating the Emergency Fleet Corporation:

"Whereas, In the judgment of the Board it is necessary to carry out the purposes of the Act to establish a United States Shipping Board, approved September 7, 1916, that a corporation be formed under the laws of the District of Columbia, for the purchase, construction, equipment, lease, charter, maintenance and operation of

merchant vessels, in the commerce of the United States, be it therefore,

"Resolved, in pursuance of authority conferred on the Board by Section 11 of the said Act, that a corporation for the above purpose be formed, to be known as the United States Shipping Board Emergency Fleet Corporation, with a capital stock of Fifty Million Dollars (\$50,000,000), and be it further

"Resolved, That the Chairman be authorized to procure the necessary papers to be drawn up, and acts to be done, in accordance with the laws of the District of Columbia, for the formation of the said corporation."

The Emergency Fleet Corporation, organized under this resolution and with appropriations specially granted by Congress, undertook the building of the war time merchant fleet.

After the war it was found that further legislation was necessary to carry on the operation of the ships and Congress set about revision of the Shipping Act of 1916 with the result that the "Merchant Marine Act of 1920" was passed. It is this act, under which the Shipping Board and the Emergency Fleet Corporation are functioning today.

The Merchant Marine Act of 1920

Congress Reaffirms Policy to Develop a Merchant Marine

THE purposes of the Merchant Marine Act of 1920 are set forth in its preamble, which reads as follows:

"That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this Act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws and regulations, and in the administration of the shipping laws keep always in view this purpose and object as the primary end to be obtained."

The main provisions of this Act are:

Increase in the membership of the Shipping Board from five to seven members; increase in their salaries from \$7,500 to \$12,000 a year; stipulation that two of the members shall be appointed from states bordering on the Pacific, two from states bordering on the Atlantic and one each from a state bordering on the Gulf of Mexico, the Great Lakes and the Interior; that the chairman shall be designated by the President and not elected by the members of the Board, as provided in the Shipping Act of 1916. The initial appointments by the President, by and with the advise and consent of the Senate, were for terms of one, two, three, four, five and six years. Succeeding members are appointed for terms of six years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he succeeds. No more than four of the commissioners shall be appointed from the same political party.

Authorizes the Board to form corporations under the laws of the District of Columbia if it deems them necessary.

Authorizes the Board to sell ships or other property.

Authorizes the Postmaster General to use Shipping Board vessels for carrying the mails.

Directs the Board to investigate port conditions and report its findings to the Interstate Commerce Commission if rail services need changing.

Authorizes the Board to form an insurance agency for the insurance of Government merchant vessels.

Authorizes the Board to set aside up to \$25,000,000 a year from moneys derived from the sale of ships as a construction loan fund.

Orders the continuance of the Emergency Fleet Corporation until all the Government-owned merchant ships are sold.

Authorizes the Board to take over all docks, wharves and piers owned by the Government on January 1, 1921.

Directs the Board to make rules and regulations respecting foreign trade.

Authorizes the extension of the coastwise laws to the Philippine Islands upon the approval of the President of the United States.

Remits certain taxes on the profits from steamship operations provided funds are set aside for the construction of new tonnage.

Makes the American Bureau of Shipping the recognized agent for the classification of American flag ships.

Reaffirms the coastwise laws of the United States.

Provides that through preferential rates shall be allowed only when property or passengers are carried in American vessels.

Sets up definite regulations for the sale, transfer or mortgage of American ships.

Approves the principle of discriminatory duties for American ships and authorizes the President of the United States to cancel treaties restricting the United States from establishing discriminatory duties.

Provides that no rule or regulation shall be established which in any manner gives vessels owned by the United States any preference or favor over those vessels documented under the laws of the United States and owned by persons who are citizens of the United States.

How the Government Is Handling Its Shipping

The United States Shipping Board

Members of the Board

T. V. O'Connor, Republican, New York, representing the Great Lakes section. Appointed June 9, 1921, for a five year term which expires June 8, 1926. Designated Chairman by President Coolidge, January, 1924.

E. C. Plummer, Republican, Maine, representing the Atlantic Coast. Appointed June 9, 1921, for a three year term. Reappointed June 9, 1924, for a six year term. Term expires June 8, 1930.

W. S. Hill, Republican, South Dakota, representing the Interior. Appointed January 28, 1924, to fill the unexpired term of Edward P. Farley. Term expires June 9, 1927.

Bert E. Haney, Democrat, Oregon, representing the Pacific Coast. Appointed to fill the unexpired term of George E. Chamberlain which expired June 9, 1925.

Given a recess appointment June 9, 1925. Name has not been sent to Senate for confirmation.

W. S. Benson, Democrat, Georgia, representing the Atlantic Coast. A former Chairman of the Board, 1920-21. Reappointed to the Board when it was reorganized under the Merchant Marine Act of 1920, given a one-year term. Reappointed June 9, 1922, for a six year term. Term expires June 8, 1928.

John Henry Walsh, Democrat, Louisiana, representing the Gulf region. Appointed to fill the unexpired term of Frederick I. Thompson, which expires June 8, 1929. Appointment confirmed by the Senate December 17, 1925.

Philip S. Teller, Republican, California, representing the Pacific Coast. Appointed for a term expiring June 9, 1928, vice Meyer Lissner resigned. Appointment sent to Senate for confirmation on January 12, 1926.

Functions of the United States Shipping Board

From the Annual Report of the United States Shipping Board for the fiscal year ending June 30, 1925.

THE duties and functions of the United States Shipping Board under the Shipping Act of 1916 and the Merchant Marine Act of 1920 are clearly defined and are divided into three distinct headings: (1) Regulatory and promotional; (2) maintenance and operation of the Government merchant fleet; (3) liquidation.

The board has kept constantly in mind the mandate of Congress expressed in the Merchant Marine Act of 1920, as defining the goal toward which we are to aim.

Regulatory and Promotional

The board's organization is divided into seven bureaus, namely: Bureau of Traffic, Bureau of Operations, Bureau of Construction, Bureau of Law, Bureau of Research, Bureau of Regulation, and Bureau of Finance, the details of which are submitted herewith, besides committees of the board dealing with such matters as dieselization of ships, ship sales, codification of navigation laws, registration and transfer of ships, construction loan fund, claims, etc. Some of the functions consist of dealing with the charter of United States ships to aliens, rules for registry, recording of titles, rules and regulations affecting shipping, rules for income tax deductions, investigate functions, cost of building here and abroad, advantages and disadvantages of operating vessels under American and foreign registry; rules for construction and classification here and abroad, marine insurance, navigation laws and rules thereunder, status of mortgage loans, discriminatory practices and penalties provided, discrimination by foreign governments against United States vessels, study of ship routes necessary for American commerce, mail payments on essential routes, advise Interstate Commerce Commission as to railroad rates or practices inimical to the flow of American commerce, administration of construction loan fund, and the general promotional work of the board in the upbuilding of an American merchant marine. The board is proceeding in the full development of these functions.

Each bureau is under the supervision of a commissioner. After the preliminary and advisory work on any subject has been completed by a bureau, the recommendations thereon may be reported to the entire board for action.

The broad, regulatory, and quasi-judicial powers of the board extend to the American merchant marine as a whole, whether privately or publicly owned. Among the functions in this group may be mentioned:

(a) Prevention of all unfair practices, including payment of deferred rebates, use of "fighting ships," or resort to discriminating methods or contracts.

(b) Requiring the filing of copies of agreements fixing rates or any memoranda of facts.

(c) Altering rates or fares to correct discriminations.

(d) To report to the President cases of discriminations by foreign governments against the American merchant marine.

(e) To determine whether a United States vessel may be transferred to foreign registry, and to approve or withhold approval of charter to an alien.

(f) To approve all Government rules and regulations affecting shipping in the foreign trade.

(g) To cooperate with the Post Office Department in fixing rates of compensation for ocean mail contracts.

Some of the duties in connection with the promotional work are:

(a) To study the main routes desirable for American commerce in general and to determine what lines should be established.

(b) To make loans from the construction loan fund to aid private citizens in the building of ships.

(c) To promote, encourage, and develop ports and water transportation facilities in cooperation with the Secretary of War.

(d) To investigate the comparative American and foreign costs of building, operation, and marine insurance, the advantages and disadvantages of operating vessels under American and foreign registry, the methods of

classification, the navigation laws, and the status of mortgage loans.

(e) To adjust downward the income taxes of shipping companies under certain conditions to encourage new construction.

(f) To advise the Interstate Commerce Commission as to railroad rates or practices which hamper the flow of commerce through a port.

Operation of Government-Owned Fleet

As permitted by law, the Shipping Board, following its policy established by resolution passed September 30, 1921, operates the Government fleet through a subsidiary organization known as the Emergency Fleet Corporation, the president of which corporation reports to the Shipping Board as to a board of directors, the board fixing the broad general policies and holding the Fleet Corporation officials responsible to it for results in the carrying out of the policies fixed by the board. Accordingly, in line with established commercial practices the board has adhered closely to the principle of placing ample authority in a single executive for the administration of ship operation. In fixing the policies for the operation of vessels the primary purpose of the board has been to maintain berth services sufficient to insure to the commerce of the United States regular, frequent, certain, and permanent transportation to the principal trade regions of the world.

About 80 per cent of American tonnage in operation on overseas trade routes is Government owned. Half of the remaining 20 per cent is owned by industrial carriers not employed to any considerable degree in the competitive field. Conditions have been such that practically all

American flag services, other than those operated as industrial carriers, would have to be abandoned to foreign ships if they were not maintained by the Government.

Therefore, the problem of the Shipping Board in this respect resolved itself to one of efficiency in ship operation in order to maintain the greatest possible number of vessels within the appropriations granted by Congress. Accordingly, the Shipping Board on November 30, 1923, passed a resolution outlining a new ship operation policy designed to increase efficiency and reduce the cost of operation, which resolution (under which the Fleet Corporation is now operating) provided for:

1. Consolidation of ship routes to avoid overlapping and duplication.
2. Elimination and consolidation of managing operators to reduce their number.
3. Revision of the then existing operating agreement so as to provide for—
 - (a) An adequate fixed fee which should be the sole compensation of the operator, dependent upon the volume of gross receipts, thus establishing an incentive for obtaining full cargoes.
 - (b) Elimination of duplicate organizations in the handling of its vessels while retaining supervision necessary to protect the Government's interest.
 - (c) Establishment of closer supervision by the owner to safeguard insurance, fuel, repair bills, etc.
 - (d) Elimination of fixed allowances.
 - (e) Prohibiting subsidiary corporations except where specifically authorized.
 - (f) Protection against foreign affiliations, and the resulting reduction in personnel and administrative charges.

United States Shipping Board Emergency Fleet Corporation

Officers of the Shipping Board Emergency Fleet Corporation

President, Elmer E. Crowley.

Vice President, George K. Nichols.

Trustees: Elmer E. Crowley, George K. Nichols, Ed-

ward H. Schmidt, J. Harry Philbin, D. S. Morrison.

Secretary of the Shipping Board and the Emergency Fleet Corporation: Roy S. Morrill.

THE United States Shipping Board Emergency Fleet Corporation was incorporated April 16, 1917, by the United States Shipping Board under the authority of section 11 of the act of Congress approved September 7, 1916, generally known as the shipping act, 1916.

The corporation is capitalized at \$50,000,000, divided into shares of a par value of \$100 each. All the stock of the corporation is owned by the United States of America, represented by the United States Shipping Board.

The object for which the corporation was organized is stated in the articles of incorporation, as follows: "That the corporate name of this company shall be United States Shipping Board Emergency Fleet Corporation, and the object for which it is formed is the purchase, construction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States, and in general to do and to perform every lawful act and thing necessary or expedient to be done or performed for the efficient and profitable conducting of said business, as authorized by the laws of Congress, and to have and to exercise all the powers conferred by the laws

of the District of Columbia upon corporations under said subchapter 4 of the incorporation laws of the District of Columbia."

The board of trustees of the corporation consists of seven members. The general officers consist of a president, several vice presidents, secretary, treasurer, general comptroller, and general counsel.

The proceeds received by the corporation from the sale of its capital stock and appropriations made by Congress have been used for the construction by contract of steel, wood, composite, and concrete vessels for overseas commerce and for the completion of steel vessels over 2,500 dead-weight tons capacity requisitioned by direction of the United States Shipping Board on August 3, 1917.

By the emergency shipping fund provision of the urgent deficiencies appropriation act approved June 15, 1917, as amended by an act approved April 22, 1918, and by an act approved November 4, 1918, certain extensive war powers in connection with the construction, requisition, and operation of vessels were conferred on the President and by him by Executive orders of various dates con-

ferred on the corporation. The merchant marine act, 1920, transferred all the power and authority thus delegated to the corporation to the United States Shipping

Board, which, however, is authorized to perform such of its duties as it may deem advisable through or by the corporation as its agent.

Recommendations of the United States Shipping Board

From the Shipping Board's Annual Report for the Fiscal year ending June 30, 1925.

IN considering the merchant marine problem of the United States the first question to be answered is this: Is a merchant marine essential to the business prosperity and military security of the United States?

This question has been repeatedly considered by Congress, and from the time the first Congress spoke up to the time Congress expressed its views in the merchant marine act of 1920 the answer has been unqualifiedly in the affirmative.

Next comes the question: Is it possible for an American merchant marine to exist in the foreign trade of this country without Government aid?

Passing over the emphatic declarations of earlier Congresses it may be said that from the close of the Civil War, when the disappearance of American merchant ships from the foreign trade of this country became so marked as to compel congressional investigation, Congress has repeatedly considered this question, and from the day that the bipartisan committee of Congress in 1870 rendered its unanimous report up to and including the action of Congress as embodied in the merchant marine act of 1920, the answer has been in the negative, and in all cases the kind of Government aid which should be given has been stated by the Congress or its committees.

The act of 1920 provided for preferential duties on cargoes carried in American ships; for preferential rail rates on cargoes delivered to, or brought in by, American ships in foreign trade; mail payments and other special aids like loans to companies who would contract to build American ships, etc., were authorized. Therefore it may be considered as settled by the deliberate and extended investigations of Congress that Government aid must be given in some form in order that American ships may exist in the foreign trade of this country.

The act of 1920, which created the present Shipping Board and authorized it to operate and finally dispose of the great merchant fleet which had been brought into being by World War exigencies also provided the Government aids considered by Congress necessary to enable the Shipping Board to perform the important duties imposed upon it by that act. It was fully recognized that only through such Government aids could private operators be induced to take over these ships and operate them in foreign trade.

But those aids have not been permitted to be given. The very premise upon which Congress based the operation and disposal of these ships by the Shipping Board has been eliminated. The provisions of section 34 have not been put into effect, which would have permitted those contemplated preferential tariff and tonnage duties declared for in the Wilson-Gorman and Dingley tariff bills for the benefit of American ships in our foreign trade. The provisions of section 28, allowing rail preferentials, have

not been permitted to go into effect. As a necessary result, private operators generally have not been put in a position to take over and operate permanently lines of merchant ships in our foreign trade. To secure the purchase and operation by private owners of any of its freight ships in foreign trade the Shipping Board has been compelled to resort to what, in effect, is a system of subsidies made possible by the broad provisions of the act under which it operates, namely, authority to maintain services and dispose of ships in such ways as its good business judgment may dictate.

This system, inaugurated by the board, in effect results in utilizing freight ships, of which we have a very large surplus, as pay to operators for operating losses instead of taking money from the National Treasury. It is permissible, because otherwise these surplus ships must remain in idleness and ultimately reach the scrap heap.

To an operator, who, according to the character of the service in which he is engaged, will guarantee to operate at his own expense ships in the foreign trade of this country for a period of from three to five years ships are sold at a very low price, the price being fixed at such a sum as, so nearly as can be calculated, will make these vessels, when the probable losses, which must be paid by the purchaser himself during the guaranteed period of from three to five years, are added to the purchase price, stand him at the end of that guaranteed period about \$20 a ton. Of course, each operator is confident that he can reduce the amount of losses which his service now is sustaining as soon as he is left free to exercise his own judgment in the handling of his ships. If his confidence proves to be well placed, the ships will stand him less than \$20 per ton at the expiration of his period of guaranteed service; but in any event during that period it will be unnecessary for the United States Treasury to take care of operation losses in that particular service, and the service will be maintained.

As the operator must pay those losses himself, the board takes from each purchaser a guaranty of operation and sees to it that he has a working capital which gives reasonable assurance that he will be able to carry on the burden which he has assumed, i. e., pay the annual operating losses which his ships will suffer during the period for which he has guaranteed to keep them serving United States commerce in foreign trades.

Of course this is but a temporary expedient, an attempt to utilize surplus vessels, of which we have an abundance, in the payment of operating losses, and thus to reduce the amounts which Congress must appropriate for the Shipping Board. It in no way solves the problem of a permanent merchant marine. But it does enable the operator to buy these ships at almost scrap prices and thereby reduce his interest and depreciation account on capital

invested to an inconsiderable figure, so as to enable him to carry on for the limited period provided for in his guaranteed purchase contract. But when these ships are worn out, he can not hope to replace them by other American-built craft. It is questionable if, in some cases, he can continue to operate them beyond the guaranteed period; but this expedient, provided by the Shipping Board, does serve to keep these services in operation for a period which should be sufficient to enable Congress to provide permanent effective aid for American ships in the foreign trade.

The danger, of course, is that the consideration of minor pieces of legislation may consume this period of temporary relief before the general fundamental aid that Congress has so often declared necessary is put into effect.

Shipping Board commissioners, as individuals, are not a unit as to what method of Government aid would be most effective and desirable. There are those who feel that discriminating tariff duties would not be effective and would produce retaliation. But, sinking their individual preferences, they have joined their associates in putting the Shipping Board, as a board, squarely behind the law which Congress has enacted. There are commissioners of the Shipping Board who, individually and in accordance with economic principles which they have long approved, are opposed to the theory of Government subsidies. They question the efficacy of such aid as well as the fundamental principle involved, but they have submerged their own personal views and thus enabled the board, as a board, to support the Harding subsidy bill which the committees of Congress had formulated and recommended.

The board realizes that Government aid alone, either through preferential tariff duties, preferential tonnage dues, or subsidies, more or less direct, can secure the operation and continued existence of an adequate number of American merchant ships under private ownership.

In addition to some of the financial handicaps under which American ships in foreign trade now operate, it also must be recognized that our principal foreign competitors are strongly entrenched in the ocean-carrying business of the world. They have expert organizations which have been engaged in this business for many years. They

have long-established commercial contacts. They have the benefit of long-continued training for shipping merchants, officers, and crews of their ships, which has created in these foreign countries a ship-mindedness—a personal interest in shipping as a great national industry, which at present does not sufficiently exist in the United States.

A great aid in solving this merchant marine problem would be an equal enthusiasm of Americans for American ships—a determination of American merchants to patronize American ships for their exports and for their imports. When it is remembered that 75 per cent of the contracts made with Americans by foreigners for exports from this country provide that the cargoes contracted for must be transported in the ships of that country to which the purchaser belongs—i. e., foreign ships—it will be appreciated how great is the handicap which American ships, comparatively new to the business, without the benefit of old established contacts, suffer.

But one fact stands out clearly: Unless and until the aids provided for in the merchant marine act, 1920, are made effective or adequate substitutes in the way of more direct but equally comprehensive assistances are provided, Congress must continue to make appropriations sufficient to maintain an adequate merchant marine in the foreign trade of the United States, and what that merchant marine should be Congress has stated as a fleet sufficient to handle the major portion of our foreign commerce.

If the present method of maintaining our merchant marine in the foreign trade of this country by means of annual appropriations for operation expenses is to continue, then Congress must face the problem of replacements. Merchant ships will eventually become obsolete. The development of internal-combustion engines has brought about a radical change, which means that within a few years the bulk of a great Government-owned merchant fleet will be out of date.

No attempt to stand still will succeed. Failure to progress means retreat and practical withdrawal of our flag from the seas as soon as existing vessels are worn out or have become so out of date as to be excessively expensive for operation. It is a fundamental problem that must be solved, and it can not be solved by mere variations in methods of mechanical handling.—Extracts.

The Government Merchant Marine Today

Status of Vessels Controlled by United States Shipping Board Emergency Fleet Corporation

(This Report is Based on Information Received Through December 1, 1925 Affecting Status of Vessels as of November 30, 1925)

Active Vessels	No.	D.W.T.	Inactive Vessels	No.	D.W.T.
Cargo—Operating in Specified Services, U. S. Ports to Foreign Ports	251	2,204,033	Cargo—Tied up	811	5,260,074
Cargo—Bare Boat Charter	2	15,650	Spot—With Operations	7	64,465
Cargo—U. S. Public Health Service	1	4,261	Cargo—Custody of U. S. S. B. as Mortgagee	1	7,371
Cargo—U. S. Army Service	1	10,013	Cargo—Contract unfinished	1	9,400
Passenger & Cargo—Operating in Specified Services	15	179,377	Passenger and Cargo—Tied up	5	49,980
Tankers—U. S. Ports to Foreign Ports	3	29,574	Refrigerators—Tied up	14	100,920
Tankers—Coastwise	1	9,298	Tankers—Tied up	26	211,291
Tugs—Steel	5		Tugs—Steel	3	
Tugs—Wood	9		Tugs—Wood	3	
Total Active Vessels	288	2,452,206	Total Inactive Vessels	871	5,703,501
Spot in Hands of Managing Operators—Cargo	7	70,369	Grand Total—All Vessels	*1166	8,226,076

*This includes 199 vessels sold to the Ford Motor Co. for scrap, which had not been taken over by purchaser on Dec. 1, 1925.

Of the vessels disposed of by the Board approximately 800 have been sold for operation; approximately 475 for

scrap and the remainder transferred to other departments or lost. This estimate does not include tugs, barges, etc.

Cost and Size of War Time Merchant Fleet

The Government Fleet at Its Peak

*Vessels of all types built or otherwise acquired by the Shipping Board, 1920.**

A survey of the records indicates that in all there were 3,444 ships, totaling about 19,598,900 dead-weight tons, in which the Shipping Board at any time had had ownership or equity. These ships were obtained from various sources†, and were of a number of different types, as is indicated by the following summary:

	No.	D.W.T.
Steel cargo ships:		
Contract	1,371	9,488,000
Requisitioned on ways	337	2,200,000
Requisitioned afloat	33	128,000
Ex-enemy, seized	51	328,000
Purchased	20	144,000
Steel combined passenger and cargo ships:		
Contract	118	1,425,000
Requisitioned on ways	10	72,000
Requisitioned afloat	1	4,000
Ex-enemy, seized	32	299,000
Transferred from Government departments	2	12,000
Steel Tankers:		
Contract	116	1,113,000
Requisitioned on ways	61	572,000
Purchased	1	1,200
Steel refrigerator ships:		
Contract	8	70,000
Requisitioned on ways	11	74,000
Steel sailing ships: Ex-enemy, seized	7	24,000
Steel tugs, barges, etc.: Contract ¹	128	49,000
Requisitioned afloat	7	(¹)
Purchased	2	(¹)
Ex-enemy, seized	1	(¹)
Transferred from Government departments	1	(¹)
Wooden cargo vessels: Contract	521	1,939,000
Wooden tankers: Contract	1	4,700
Wooden hulls (finished): Contract	119	464,000
Wooden sailing vessels: Contract	10	34,500
Wooden tugs, barges, etc.: Contract	366	610,000
Tugs, barges, etc., purchased and requisitioned	16	6,700
Composite cargo ships: Contract	50	175,000
Concrete cargo ships: Contract	7	32,000
Concrete tankers: Contract	36	270,000
Total	3,444	19,598,900

¹ No dead-weight tonnage included for tugs

* From the Annual Report of the Shipping Board for the fiscal year ending June 30, 1922.

† The last ship built for the Shipping Board was delivered May 9, 1922.

Other Property Acquired by Shipping Board

Materials

War Cost\$224,402,492
Amount Recovered from Sales..... 56,054,141

Housing Projects

War Cost\$ 69,500,000
Amount Recovered from Sales..... 25,500,000

Shipyards, Machinery Shops and Other Plants

War Cost\$ 70,638,753
Amount Recovered from Sales..... 16,333,112

The Hog Island Shipyard, at Philadelphia, the largest of all the wartime projects, which cost approximately \$67,000,000 remains unsold.

Docks and Piers

After the Armistice various docks and piers, under control of the Army and Navy were transferred to the

Shipping Board. The most important of these are located at Boston, New York, Brooklyn, Hoboken, Philadelphia, Norfolk and Charleston. They are either in use by the Board for its own ships or are under lease to terminal companies from which the Board receives annual rentals. They are not for sale.

Claims

The total amount of war time construction claims pending before the Shipping Board on July 1, 1921, when the Board first began functioning under the Merchant Marine Act of 1920, and filed since that date was \$159,199,769. Of this amount \$156,432,308 in claims have been settled for \$14,280,588.

Schedule Showing Gross Appropriations and Allotments from Inception to June 30, 1922.

From Annual Report U. S. Shipping Board for 1923 and 1925

Original Apprn.

United States Shipping Board—

Act of Sept. 7, 1916, salaries and expenses, 1917	\$ 100,000
Act of June 12, 1917, salaries and expenses, 1918	517,500
Act of June 12, 1917, increase of compensation, 1918	4,634
Act of July 1, 1918, salaries and expenses, 1919	988,289
Act of July 19, 1919, salaries and expenses, 1920	772,986
Acts of June 5, 1920, and June 16, 1921, salaries and expenses, 1921	446,133
Act of Mar. 4, 1921, salaries and expenses, 1922	459,000
Act of June 12, 1922, salaries and expenses, 1923 (board and secretary)	89,000
Act of June 12, 1922, salaries and expenses, 1923 (general expenses)	350,000
Act of June 12, 1922, salaries and expenses, 1923 (Investigation of foreign discrimination)	20,000
Act of Feb. 13, 1923, salaries and expenses, 1924	411,500
Act of June 7, 1924, salaries and expenses, 1925	344,000
Act of Mar. 3, 1925, salaries and expenses, 1926	330,000
United States Shipping Board Emergency Fleet Corporation—	
Act of Sept. 7, 1916, permanent fund*	50,000,000
Acts from June 15, 1917, to June 16, 1921, inclusive emergency shipping fund	3,240,053,000
Act of Apr. 17, 1917, national security and defense, 1918 (presidential allotment)	27,011,683
Act of July 1, 1918, national security and defense, 1919 (presidential allotment)	2,500,743
Act of Mar. 4, 1921, reappropriation of balance on hand, 1922	6,956,798
Act of June 16, 1921, completion of vessels under construction, 1922	25,000,000
Act of Aug. 24, 1921, current maintenance and operation of vessels, 1922	48,500,000
Act of June 12, 1922, emergency shipping fund (claims, damage charges, and miscellaneous adjustments), 1922	30,000,000
Act of June 12, 1922, emergency shipping fund (claims, damage charges, and miscellaneous adjustments), 1923	20,000,000
Act of June 12, 1922, emergency shipping fund (other than construction activities), 1923	50,000,000
Act of Feb. 13, 1923, current maintenance and operations, 1924	50,000,000
Act of June 7, 1924, current maintenance and operations, 1925	30,000,000
Act of Mar. 3, 1925, current maintenance and operations, 1926	24,000,000

Grand Total-Gross appropriations and allotments.....\$3,601,898,468

*Emergency Shipping Fund represents cost of building the Government Merchant fleet, including the establishments of shipyards, housing projects, marine railways, etc.

See page 5 for amount recommended in Budget for 1927.

The Administration's Recommendations as to Shipping

President Coolidge's Recommendations to Congress

From President Coolidge's Message to the 69th Congress

THE maintenance of a merchant marine is of the utmost importance for national defense and the service of our commerce. We have a large number of ships engaged in that service. We also have a surplus supply, costly to care for, which ought to be sold. All the investigations that have been made under my direction, and those which have been prosecuted independently, have reached the conclusion that the fleet should be under the direct control of a single executive head, while the Shipping Board should exercise its judicial and regulatory functions in accordance with its original conception. The report of Henry G. Dalton, a business man of broad experience, with a knowledge of shipping, made to me after

careful investigation, will be transmitted for the information of the Congress, the studies pursued under the direction of the United States Chamber of Commerce will also be accessible, and added to these will be the report of the special committee of the House.

I do not advocate the elimination of regional considerations, but it has become apparent that without centralized executive action the management of this great business, like the management of any other great business, will flounder in incapacity and languish under a division of council. A plain and unmistakable reassertion of this principle of unified control, which I have always been advised was the intention of the Congress to apply, is necessary to increase the efficiency of our merchant fleet.

The Dalton Report

Report of H. G. Dalton, of Cleveland, Ohio, Requested by President Coolidge to Study the Shipping Problem. Made Public by the President Nov. 12, 1925.

IN HIS report Mr. Dalton made the following findings and recommendations:

Government operation can never equal in efficiency or economy private operation.

Efforts of Shipping Board to transfer ships to private hands should be continued. Lines operated by the Government which are not paying should be maintained by Government until they become profitable and then sold. In choosing managing operators Board should select shipping men with substantial business prospects with a view to their becoming purchasers of the lines they operate for the Government, with guarantee of operation for a period of years.

Further consolidation of Shipping Board steamship lines should be made, together with a change in operating contracts whereby the operator will share in the profits and losses.

Restrictions forbidding railroads owning and operating ships should be removed.

The Department of Commerce should hereafter be consulted concerning changes in routes or addition of new routes.

Consideration should be given to constructing combination cargo and passenger ships to replace present ships as they become obsolete, with special attention to the equipment of some of the proposed new ships with Diesel engines. The Army, Navy, the Postoffice Department and the Department of Commerce should be consulted as to the types of new ships to be selected.

For the purpose of efficiency and economy the Emergency Fleet Corporation should be separated from the Shipping Board, together with all dock facilities, the insurance funds and the Bureau of Research, and placed under the control of a board of directors or trustees consisting of the Secretaries of War, the Navy, the Postmaster General and the Secretary of Commerce. If in the judgment of the President there should be representation at large on this Board it is recommended that three representing the Atlantic, Pacific and Gulf regions should be added to it. In addition, there should be a chief executive of the Fleet Corporation who shall be a member and president of the Board to dictate, with the approval of the Board, the policies of the Fleet Corporation and carry on its business. All persons appointed should serve subject to the President of the United States.

Upon the transfer of the Fleet Corporation as recommended, an inventory of all property should be taken.

The extra cost of new ships designed for the benefit of the Army, Navy or Postoffice Department should be charged to the departments affected and the sums appropriated therefor turned over to the Fleet Corporation.

A prompt sale of all ships to be disposed of is desirable, even at a low return, since an early disposal will bring the best ultimate results when cost of care and maintenance is taken into consideration.

The separation of the Fleet Corporation from the Shipping Board would restore the Shipping Board's functions to their original status as largely a judicial and regulatory body.

Recommendations of Secretary Hoover for Reorganization of Government Merchant Marine

Extracts From Letter Dated Nov. 4, 1925, by Hon. Herbert Hoover, Secretary of Commerce to Hon. Wallace H. White, Member of the House Committee on Merchant Marine and Fisheries and Chairman of the Special Committee Appointed by the House to investigate the Shipping Board.

THERE are about 20 overseas trade routes which are connecting links between our inland trade routes and foreign countries upon which our foreign trade is dependent. For the protection of our commerce from dis-

crimination and from combinations which would impose onerous freight rates, we must maintain upon each of these routes the operation of very substantial shipping under the American flag.

Commerce requires regular, ferrylike sailings over essential routes.

The type of ship best adapted to these services and most profitable to operate is the cargo liner of from 10,000 to 18,000 gross tons, speed 12 to 18 knots, preferably Diesel-propelled and having 20 per cent passenger space. Replacements and extensions should be driven to this ideal. If ships specially designed to aid in national defense are built the extra cost should be part of the military budget.

The merchant marine will never be satisfactory until it is owned and maintained by private enterprise. The Government cannot operate cheaply, Government operation and competition with private enterprise totally dulls private initiative.

It is useless to renew proposals to subsidize shipping.

Some of the Government lines losing money today would pay private enterprise and could be disposed of under guarantee of continuance if private firms could be sure of future Government policies.

With the growth of trade most of the remainder of the lines could be disposed of to successful private operation.

Some of these could be partially assisted by interested communities. All of them would be assisted by more liberal postal rates commensurate with those paid by foreign nations.

It seems vital in the protection of our entire commerce that we must maintain American flag transportation on all these important trade routes. Our Government is now deeply in the shipping business.

We need some criteria for determining when successful operation is impossible on a particular route. We do not believe this could be done legislatively. Administratively it could be determined by experience, but we must have a firm determination of the Government to go on as long as the route shows improvement.

No section of the country has a right to call upon the Government perpetually to operate ships at a loss, but some local communities may be willing to join with the Government in an experiment longer than might otherwise be the case.

It is vital if we are to go on that we provide a form of administration of the Government fleet that will reduce losses on those routes which the Government must operate pending trade growth and to provide methods which will facilitate these lines being disposed of to private enterprise.

The Shipping Board was originally conceived largely for regulation of discriminations and other bad practices in ocean traffic. It was established upon a bipartisan and later a regional basis. It was afterwards loaded with the most gigantic administrative task in the Government. The necessarily divided minds of the best board on earth has always resulted in failure in executive work.

Without considering the result of this case, which must be evident at every turn, I may point out certain characteristics which make it doubly hopeless as a form of organization to build up and administer the Merchant Marine. Each member has a four-way independent responsibility. He is responsible for every act of the Board to the country as a whole, to his particular constituency, to his political party and finally to Congress. Responsibility to the President, the one responsibility which every administrative officer of the Government should acknowledge under the spirit of the Constitution, is denied by the Board.

Therefore: The whole fleet and other property should be transferred to the Emergency Fleet Corporation and the president thereof should be appointed by the President of the United States, subject to confirmation by the Senate, and should be solely responsible to the President. This function should not be incorporated into the Department of Commerce, which is a service agency to the whole merchant marine either private or Governmental.

For certain major questions of policy an Advisory Board to the Emergency Fleet Corporation is desirable and this Board should represent and coordinate the great Government departments for they are largely involved in Merchant Marine questions. This Board should comprise the Secretaries of the Treasury, War, Navy, Commerce, the Postmaster General, the President of the Fleet Corporation and the Chairman of the Shipping Board, and should be called upon for approval or recommendation in the following major questions:

Inauguration of new routes, abandonment of routes, sale of ships or routes; approve and recommend to the President the creation of subsidiary corporations for special lines and offer stock in them to private operators or committees; advise with the Secretary of the Treasury and the President as to the administration of the construction loan fund.

Regional committees should be established of important and experienced men in those regions, which committees should sit with the advisory Board in consideration of regional matters.

Recommendations by Business, Shipping and Labor

Recommendations of the National Marine Conference

Recommendations of the National Merchant Marine Conference Held Under the Auspices of the Chamber of Commerce of the United States at Washington, Nov. 17, 1927.

THE steamship lines now operated in the foreign trade of the United States, most of which are operated by or for the account of the Government, are needed in the interest of the development of American foreign commerce.

Tonnage now owned and operated by the Government should as promptly as possible be transferred into private hands provisions to be made for the maintenance under

the American flag of necessary tonnage to serve American foreign trade.

The continued expansion of this trade will call for additional tonnage and lines and the introduction of motor vessels and other improved types.

High speed passenger and cargo ships are needed as reserve naval auxiliaries and for postal service.

The Seaman's Act should be modified as to those sections which interfere with morale, notably the payment

of half wages to crews upon arrival in foreign ports where the seaman has a record for drunkenness, desertion or other conduct resulting in delayed sailings and lack of proper discipline and as to conditions affecting short runs on the Great Lakes, placing responsibility for accidents to marine workers, including longshoremen.

Legislation should be passed to remove difficulties in documentation of vessels; to modify Panama Canal measurement rules.

Restrictions on the sale of American vessels to foreign ownership should be removed except as to Government tonnage sold at depressed market values or tonnage built or operated under contracts providing for Government aid.

Congress should authorize the President to appoint a commission to revise the navigation laws of the United States.

The Shipping Board should be reduced to three members and retain its semijudicial and regulatory functions; the functions relating to the promotion of shipping should be transferred to the Department of Commerce; the executive functions, control of the Government fleet and sale of ships should be transferred to the Fleet Corporation; the President of the Fleet Corporation should be under an advisory Board appointed by the President of the United States, with a Cabinet member as its chairman and with additional regional advisory boards to sit with the Advisory Board in determining policies affecting the increase, decrease or sale of trade route services.

All services relating to the merchant marine should be transferred to the Department of Commerce.

Preferential rail rates to shipments carried in American

bottoms, discriminatory duties in favor of such goods and other similar measures should not be put into effect at this time but the right thereto should not be surrendered.

Instead of a ship subsidy, all financial aids to American shipping should take the form of payment for services rendered, including contracts for maintenance of particular trade routes, mail contracts, and special type ships for military or naval reserve or for postal services.

The maintenance of the construction loan fund should be continued.

Taxation of shipping should be simplified and reciprocal arrangements should be entered into to prevent double taxation at home and abroad.

The policy of selling Government vessels and services at reduced prices in consideration of agreement to maintain services for five years is endorsed.

Until the Government fleet is sold the Government should avoid competing with privately owned American lines.

Surplus vessels, particularly those of small type, should be sold in the open market and those which are unserviceable should be sold for scrap.

Pending the disposal of ships the Government should continue the maintenance of necessary trade routes under the existing managing operating agreement.

In order to develop the merchant marine widespread organizations and facilities should be developed including foreign banking agencies, free trade zones on American coasts, American insurance and schools for training American officers and seamen.

American merchants should specify American vessels for the carriage of their goods.

Recommendations of the Middle West Foreign Trade Committee's Merchant Marine Conference

Recommendations of the Middle West Foreign Trade Committee's Merchant Marine Conference, Held at Cincinnati, Nov. 24, 1925.

THE foreign trade of this country can be permanently and dependably developed more successfully and advantageously by the use of American vessels, officers and crews in reaching foreign markets.

Accessible, adequate and dependable steamship service is a factor in obtaining full market prices on exportable commodities.

With an adequate American merchant marine our commercial, agricultural and industrial interests would not be seriously menaced by international complications calling for emergency use of foreign shipping.

It is to the interest of inland transportation car supply and distribution to utilize all available ports and ocean services.

Ports and ocean services should be developed according to the needs of trade and commerce as a whole, with due regard to the original and natural economic flow of exports and not alone from the standpoint of shipowners' interests in certain ports.

A Board of Control representative of the interior and principal sections of our country in the supervision of shipping is to the interest of the nation in aiding the distribution and marketing of our products.

It is contrary to the interest of the trade and commerce of our country to abolish the U. S. Shipping Board and

discontinue the operation of our Government-owned merchant vessels by the Fleet Corporation; and it is desirable that the provisions of the Merchant Marine Act of 1920 in this respect be continued and enforced.

Our Government-owned merchant fleet should continue to be operated by the Fleet Corporation under the direction of the Shipping Board until such time as it can be satisfactorily disposed of to American citizens, and trade routes as established shall be continued under a guarantee of permanent, regular and dependable schedule of sailings.

Wherever shipping under the American flag is penalized under our laws in competition with foreign shipping, our Government should take the necessary steps to remedy or remove such inequalities.

In formulating a national merchant marine policy and disposing of our Government-owned merchant fleet, the shipping interests and the interests of national economy should not be the sole consideration, but the interests of agriculture, industry and mining and inland transportation throughout the country should also be seriously considered.

No merchant marine legislation should be adopted that does not give substantial recognition to the interests of the North Atlantic, South Atlantic, Gulf, Pacific, Great Lakes and the interior on this far-reaching national question.

Recommendations of the Steamship Associations

From Recommendations of American Steamship Owners' Association, Pacific American Steamship Association and Shipowners Association of the Pacific, for An American Merchant Marine, May 9, 1925.

THE American Steamship Owners' Association, Pacific American Steamship Association and Shipowners Association of the Pacific regard it as essential that the United States have an American Merchant Marine of sufficient size and of an adequate character for national defense and the promotion of foreign trade.

The Associations believe that a merchant marine adequate for all necessary purposes of national defense and trade can be established and successfully carried on under private ownership at a cost to the Government far less than its present losses.

It is certain, however, that this cannot be done by the private shipowner unaided. Under existing differentials in fixed charges and costs of operation, upkeep and overhead, as compared with those of foreign competitors, and under the more burdensome provisions of the navigation laws, private owners must have assistance and relief. These items of higher costs in the ownership and operation of American ships in foreign trade largely exist in the following particulars:

- (a) Greater capital investments due to higher ship-building costs in the United States, with resultant larger interest charges, higher depreciations and increased insurance premiums.
- (b) Larger crews and higher wages in respect of both officers and crew.
- (c) More expensive food scale for officers and crew than required by foreign nations.
- (d) 50 per cent duty on repairs made in foreign ports and higher costs of repair in American ports.
- (e) Unnecessarily burdensome and expensive inspection laws.
- (f) Numerous pay-day demands and provisions in the laws making it difficult to enforce discipline in foreign ports, and resulting in delays from dissipation and insubordination.
- (g) Government fines, resulting from smuggling aliens, liquors and narcotics, despite every effort by shipowners to prevent them.
- (h) Greater costs of equipment and supplies.
- (i) Unfair admeasurement rules, resulting in increased Panama Canal tolls and port charges based on the tonnage of American ships.
- (j) Higher costs of overhead due to higher standard of wages in the United States.

The Associations believe that the time has come when there must be a reconstitution of the membership and functions of the Shipping Board. Accordingly, the Associations recommended:

- (1) That the United States Shipping Board be reduced

to three members, to be appointed by the President without regard to political or geographical considerations, but with special regard to their business qualifications, one of whom shall have had commercial shipping experience.

(2) That the Shipping Board so constituted be vested with such regulatory powers as are necessary to the promotion of an American Merchant Marine, similar to those regulatory powers conferred upon the Shipping Board by "The Shipping Act, 1916."

The Associations recommend:

(3) That the Emergency Fleet Corporation, either in present or modified form, be continued in existence as an agency of the Government to liquidate the Government out of the shipping business at the earliest possible moment.

(4) That the control of the Fleet Corporation be vested in the Secretary of Commerce, or in a newly-constituted Department of Marine, through a transfer of the stock of the Corporation.

(5) That the Fleet Corporation proceed to a complete liquidation of the Government out of the shipping business as rapidly as possible, disposing of the ships on such terms and conditions as will help to maintain them in successful operation.

(6) That pending complete liquidation, the Fleet Corporation be given supervision over the operation of those services that are found to be essential to national defense and the promotion of foreign trade.

The Associations recommend:

(7) That the Secretary of Commerce, Postmaster General, Secretary of the Navy, Director of the Budget, and an American citizen experienced in shipping, appointed by the President, be created a special agency to determine the nature and extent of the services to be carried on by combination passenger and cargo ships, which are essential to national defense and the promotion of foreign trade.

(8-10) That a special agency be created to determine the type and amount of cargo tonnage required in these services; to determine the amount of mail payments necessary to be made to the owners of the ships in such services; and to determine the amount of compensation necessary to be paid to the owners of the ships in such services.

(11) That the aforementioned direct aids should be given only so long as necessary to ensure the continuance of the respective services in the face of foreign competition, but that in the sale by the Government of any trade route and the ships operated therein, the mail contracts should be included and sold as an asset of the route.—Extracts.

Recommendations of Organized Labor

Extracts from Minority Report of Labor Representatives to the Chamber of Commerce of the United States, Nov. 16, 1925, signed by Frank Morrison and the eleven representatives appointed by William R. Green, President of the American Federation of Labor, to represent labor at the National Merchant Marine Conference.

THE different shipowners' associations of the United States published over date of May 9th, 1925, a statement to the effect that a privately owned and operated merchant marine is not possible without direct and indirect aids from the Government. As a cause for this

statement they give specific reasons enumerated by letters from (a) to (j). [See above.]

We have given attention to the shipowners' bill of grievance and the remedies which they propose, and we respectfully beg to disagree in most of the grievances and

in nearly all the remedies proposed, for the following reasons:

*"(a) Greater Capital investment * * **

This is true; but there is another remedy which would not necessitate state aid. The higher building cost arises from the monopoly granted to shipbuilders, under which the building cost in the United States is about 50 per cent higher than in Europe. Let the American shipowner buy vessels where they can be bought cheapest, see that the vessels are thoroughly seaworthy, let them be registered in the United States, and then let them sail in ocean or coastwise trade, where they can make the most profit. In other words and brusquely stated—abolish the monopoly.

*"(b) Larger crews and higher wages * * **

The first part of this specification is not true. The second is only partially and temporarily true. Our wages of seamen as distinct from officers are slightly lower than the Australian wages, slightly higher than the wages of England, Scandinavian countries, Holland and Belgium, and considerably higher than the German wages; but that is temporary and arises from differences in the exchange, from unsettled conditions arising out of the war, and in the case of Germany it comes from the Treaty of Versailles; but over and above these causes it arises from failure to enforce the Seamen's Act in the last 5 years. This

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Shipping Legislation Before 69th Congress

Measures Pending Before Senate Committee on Commerce

Hon. Wesley L. Jones, Washington, Republican, Chairman

S. 1384—Introduced Dec. 14, 1925, by Senator Jones, Wash., R.—To amend the Merchant Marine Act of 1920, the Shipping Act of 1916, etc.

Sec. 1 Reaffirms the policy declared in Section 1 of the Shipping Act of 1920 and declares the intention of the Government of the United States to promote and maintain such shipping routes and such a merchant fleet as may be necessary to promote the foreign trade of the United States and provide adequate merchant shipping for the National defense and such fleet and routes to be maintained by the government, if necessary, until taken over and maintained by private enterprise.

Sec. 2 changes the name of "The United States Shipping Board Emergency Fleet Corporation" to "The United States Fleet Corporation."

Sec. 3 directs the Shipping Board to transfer to the President of the United States all shares of the stock of the Fleet Corporation, and authorizes him to do all things necessary with the shares to carry out the purposes of the Merchant Marine Act of 1920, as amended.

Sec. 4 transfers the control of all vessels, vessel equipment and supplies, docks, piers, warehouses and other property from the Board to the Fleet Corporation, together with the powers for their control and maintenance, together with funds appropriated for them or acquired by their sale. This section provides, however, that no docks, piers, or other terminal facilities, etc., shall be sold without express authority from Congress, and that the construction loan fund shall remain under control of the Board.

Sec. 5 provides that all contracts and claims, settlements, etc., made by the Board shall be carried out by the Fleet Corporation.

Sec. 6 provides that whenever the Board determines that new steamship lines should be established or that inade-

quacies of services exist, it should so report to the President who shall direct the Secretary of Commerce to endeavor to secure the establishment of such lines with private American owned vessels. If the Secretary of Commerce fails in this, he shall report his findings to the President, with a view to the establishment of the desired lines by the Fleet Corporation, but no government service shall be discontinued except with the approval of the Board and no curtailment of service shall be made unless approved by the trustees of the Fleet Corporation and the President, who shall consult the Shipping Board before acting.

Sec. 7 repeals Section 35 of the Merchant Marine Act of 1920.

S. 35—Introduced Dec. 8, 1925, by Senator Edge, N. J., R.—Abolishing the United States Shipping Board.

This bill provides that the Shipping Board be abolished and all its functions be vested in the Emergency Fleet Corporation. The President of the United States is authorized whenever he finds it in the interest of the government to do so, to transfer the Fleet Corporation, by executive order, to the Department of Commerce, in which event the Secretary of Commerce is authorized to distribute the functions of the Fleet Corporation among the bureaus of the Department of Commerce.

S. 658—Introduced Dec. 8, 1925, by Senator King, Utah, D.—To abolish the Shipping Board and Emergency Fleet Corporation and to create a Shipping Commission. This bill creates a Shipping Commission of three members appointed by the President for overlapping terms of three years with salaries of \$10,000 each, the chairman to be designated by the President. The new commission is empowered, by the bill, to take over and carry on all the work now done by the Shipping Board and the Emergency Fleet Corporation, both of which would be abolished.

Measures Pending Before House Committee on the Merchant Marine and Fisheries

Hon. Frank D. Scott, Michigan, Republican, Chairman

H. R. 5395—Introduced Dec. 14, 1925, by Mr. Colton, Utah, R., (by request)—To provide for the operation and disposition of the merchant vessels of the Emergency Fleet Corporation.

This bill provides that all the shares of the Emergency Fleet Corporation be turned over to the Secretary of War, who shall operate all government ships with the Panama Railroad Line, the Army Transport Line and the American Fleet Corporation (the new name for the Emergency Fleet Corporation). The earnings of these companies are to be reserved for working capital, replacements and insurance. These lines are to transport all government personnel and supplies. The vessels not needed for these services shall be turned over to the Secretary of Commerce for sale at not less than \$20 per gross ton or charter at not less than \$5 per gross ton.

H. R. 5369—Introduced Dec. 14, 1925, by Mr. Lehlbach, N. J., R.—To amend the Merchant Marine Act of 1920 and the Shipping Act of 1916. This bill is identical with S. 1384 (introduced by Senator Jones, Wash.) up to and including Section 7.

In addition, the Lehlbach bill provides for a reduction in taxes for ten years on vessels built in American yards, amends the provisions of the Act of 1920 regarding the carrying of mails in American vessels, provides that government employees or officers shall whenever possible travel on American vessels, that all government supplies shall be shipped in American flag vessels, that the Shipping Board and Interstate Commerce Commission hold joint hearings on rail and water rates, etc.

Should Present System of Ship Operation Be Continued?

The Select Committee on United States Shipping Board and Emergency Fleet Corporation Operations, Policies, and Affairs, submitted two reports to the House on December 14, 1925. The reports were referred to the House Committee on the Merchant Marine and Fisheries.

The Select Committee was appointed by the Speaker of the House on March 6, 1924, under the direction of House Resolution 186, adopted by the House on March 4, 1924; and acted under said resolution and House Resolution 212, adopted March 18, 1924, Sixty-eighth Congress.

The membership of the Committee consisted of Mr. White, Me., R., Chairman; Mr. Lehlbach, N. J., R., Mr. Lineberger, Cal., R., Mr. Cooper, Wis., R., Mr. Davis, Tenn., D., Mr. Connally, Tex., D., and Mr. Bankhead, Ala., D. Mr. Cooper joined with the Democratic members of the Committee in signing the majority report.

Pro

MAJORITY REPORT

Submitted by Mr. Davis, Tenn., D., Ranking Democratic member of the Select Committee on United States Shipping Board and Emergency Fleet Corporation, etc.

WE believe that the Shipping Board as now provided by law, including bona-fide regional and bipartisan representation, should be retained, except that we believe that the chairman of the Shipping Board should be elected by the members thereof as was provided in the shipping act of 1916.

We concur in the Shipping Board's interpretation of their powers and responsibilities under the existing laws. We believe that the Shipping Board should continue to determine the establishment, continuance, increase, discontinuance, or decrease of trade routes and services, including the number and character of ships to be operated, the frequency of sailings, etc.

We believe that the ships should be operated by other officials than the Shipping Board, and that such officials should be given a free hand in the administrative features and details of operation. However, we believe that such officials should be appointed by and answerable to the Shipping Board for the execution of the general policies determined by the Board.

We likewise believe that the Shipping Board should determine the general policies, prices, and terms for the sale, charter, or operation of our ships.

All of the foregoing suggestions are in accord with the provisions of the merchant marine act of 1920.

We believe that the Shipping Board should be independent, as are many other boards and commissions, and not subservient to the executive.

In the very nature of things, the President could not familiarize himself with the many and comprehensive features of the problems relating to our merchant marine, and would be compelled to rely upon the advice of somebody. We deem it better for these matters of policy to be determined by a board coming from all sections of the country as is provided in existing law.

The regulatory powers delegated to the Shipping Board are largely theoretical and ethereal. Besides, as no Shipping Board vessels are operated in competition with other American vessels, there is no basis for the argument that the Shipping Board might favor Shipping Board vessels—in so far as they may act under their regulatory authority.

If the Shipping Board should be deprived of all power and authority except its so-called regulatory functions, the board may as well be abolished.

Because of the confusion, friction, complications, and

Continued on next page

Con

MINORITY REPORT

Submitted by Mr. White, Me., R., Chairman of the Select Committee on United States Shipping Board and Emergency Fleet Corporation, etc.

IN 1921 there were 110 operators to whom vessels of the United States had been allocated. From time to time this number has been reduced. In 1924, there were 38 operators. This number has been further cut, so that at the present time there are 23. Most of the early changes were due to the falling off in the volume of cargo moving in foreign trade and to the resulting withdrawal of vessels from service. The latter changes are in major part due to the consolidation of routes and to efficiencies in operation.

During the fiscal year ending June 30, 1923, the average number of cargo ships operating was 347, the freight revenues was \$60,458,089.85, and the operating losses averaged \$26,720 per vessel per voyage. In the next fiscal year the average number of ships in operation was 338, the appropriation for operations was \$41,196,394.59, the freight revenues were \$59,752,594.47, and the losses were \$26,500 per vessel per voyage. In the last fiscal year the average number of vessels in operation was 299, the appropriation for operations was \$30,000,000, the freight revenues were \$61,560,063.21, and the losses were \$19,300 per vessel per voyage. During the month of June, the last during the fiscal year of 1925, the vessels which completed their voyages in that month, the losses were approximately \$17,000 per vessel per voyage. These figures are significant. From them it appears that during the fiscal year of 1925, with an average of 39 less vessels in operation and with a reduction of approximately \$11,000,000 in operating costs, more freight was carried and more revenue was produced. How was this brought about? There was no appreciable change in freight rates. For the 12 months ending October 31, 1924, the average freight per ton was \$7.29; for the 12 months ending October 31, 1925, it was \$7.30 per ton. The signers of this report are disposed to credit it to the consolidations effected during the year which permitted fewer ships to serve a given port or ports, to an elimination of overlapping services, to a shortening of the time of turn around of the vessels, to a reduction in personnel, to an improvement in stevedoring methods, and other efficiencies. All of these in the aggregate have vastly improved our operating methods and the financial results thereof. We cannot overlook the fact that these desirable accomplishments have come during the year in which there has been the nearest to a separation of operating functions from the Shipping Board, in the year in which the responsibility

Continued on next page

Pro—continued**MAJORITY REPORT—continued**

difficulties that have continually arisen and now exist, particularly abroad, by reason of the operation of our ships by a private corporation, we recommend the abolition of the United States Shipping Board Emergency Fleet Corporation, and in lieu the enactment of statutory provisions permitting the United States Shipping Board to sue and be sued in the same manner as a private corporation or individual citizen in matters pertaining to ship operation.

With respect to the insistence that the United States Shipping Board Emergency Fleet Corporation should have complete charge of ship operations, we submit that such has been the case for more than four years.

The controversy between the Shipping Board and Admiral Palmer did not grow out of a question of ship operation, but out of questions of policy, the determination of which had been specifically conferred upon the Shipping Board by the merchant marine act, 1920, and which they had reserved to themselves in both the resolutions adopted September 30, 1921, and January 10, 1924.

Generally speaking, these differences arose out of the question of sales of services and ships and the curtailment of existing trade routes and services. As to these matters the law confers exclusive authority upon the Shipping Board; the Shipping Board in both of the resolutions referred to had delegated to the Emergency Fleet Corporation the authority to make recommendations, but the Shipping Board reserving the authority to finally approve or disapprove such recommendations. The Shipping Board acted favorably upon many of such recommendations made by Admiral Palmer, but declined to approve some of his recommendations.

Private shipping interests have repeatedly and persistently insisted that the Government should forthwith withdraw all of its merchant ships from operation, sell the cream of the fleet at whatever prices they would bring at forced sale, and scrap the balance of them. The most serious handicap of the whole business has been that most of the so-called experts who have been called in to the Emergency Fleet Corporation organization have come from these hostile interests. They have had no sympathy with the mandates of the shipping act, 1916, and the merchant marine act of 1920, and many of them have publicly and repeatedly expressed it as their opinion that it was a hopeless proposition and could not be made to succeed.

Consequently, the records show that it has been the policy of the Emergency Fleet Corporation to gradually undermine and destroy our various trade routes and services. For instance, on April 7, 1923, the Emergency Fleet Corporation recommended a reduction of the trade services and ships in operation to "a total of 18 services requiring 196 ships, all told, as against the present, 82 services requiring 379 ships."

When Admiral Palmer assumed charge as president of the Emergency Fleet Corporation there were 40 operators and 351 cargo ships, 24 passenger ships, and 20 tankers in operation, making a total of 395, and also a few ships under charter. Among President Palmer's first acts, he recommended the discontinuance of a service operating out of New England, and this was followed by many recommendations involving curtailment of service

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Con—continued**MINORITY REPORT—continued**

for operating results has been lodged in largest measure in the Fleet Corporation.

We recommend that the operations of our vessels be committed to the Fleet Corporation.

The fundamental objection to giving to the board authority to operate our ships is that the board is primarily a judicial and regulatory body with jurisdiction over all vessels of the United States, whether privately owned or belonging to the Government. It is not open to debate that it is wrong in principle for a body with responsibilities of this character over all vessels to be directly concerned in the operation of some of them.

We believe that a board of seven men, representing various sections of the United States, and both political parties, with all members having equal authority, is not a proper organization for the efficient handling of a great business enterprise. As long ago as September 30, 1921, the board itself, by formal resolutions, voted to turn over to the Fleet Corporation the duty of operating, maintaining, repairing, and reconditioning our vessels, assigning as a reason therefor that if these duties were undertaken by it, it would be impossible for the board to devote its attention to the study and determination of broad and constructive policies relating to our merchant marine. Again as late as January, 1924, the board passed another resolution of the same general purpose and assigned the same reason for its action. We think the board in these resolutions stated correctly one reason for the transfer, but in our opinion other reasons existed. We do not believe that such a board of joint and of divided responsibilities is properly constituted to pass upon the details of such a vast business as the shipping operations of the United States. We suggest still another justification for the change which we recommend. It constitutes no reflection upon the present members of the board to direct attention to the fact that not a single member prior to his appointment had ever had experience in the operation of merchant ships. What justification can there be for turning over to men inexperienced in such respect the responsibility for carrying on so vast, so complicated, and so technical a business as the shipping operations of the United States in world trade. The trustees of the Fleet Corporation have been men of long experience and practical training in shipping operations. They have come from shipping firms. The salaries which have been paid them ranging from \$18,000 to \$25,000 per year have been justified always and only on the ground that they purchased for the Government the services of operating experts. If the members of the Shipping Board have been and now are qualified to operate our ships there never has been and there is not now excuse for hiring others to do this work at double the salaries paid the Shipping Board commissioners.

If your committee members believed that the joinder of operating functions with judicial and regulatory responsibilities were proper it is of the opinion that it would be better for the latter duties to be conferred upon the trustees of the Fleet Corporation, thus obviating all need for the board. Our conclusion is, however, that such a joinder is improper and that there is a legitimate field for both organizations and that each in its respective sphere should be free from the control of the other.

We do not intend this recommendation to go beyond

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Should Fleet Corporation Be Divorced from Shipping Board?

Pro

HON. WESLEY L. JONES

U. S. Senator, Washington, Republican
Chairman of the Committee on Commerce

SHIPPING is essential to the expansion of our foreign commerce. Without ships we are practically at the mercy of our competitors in reaching world markets. Upon the expansion of our foreign commerce depends greatly our domestic prosperity. The farmers, laborers and business men are equally interested in any instrumentality that will promote domestic prosperity. Our administrative policy, so far as the operation of the Government-owned merchant vessels is concerned, is important and can be worked out satisfactorily, I think, without much difficulty. The operation of the ships we have must be carried on in a businesslike manner. This can be done most efficiently through concentrated authority and businesslike methods.

For this reason I am in favor of divorcing the Emergency Fleet Corporation from the Shipping Board and have introduced in the Senate a bill to bring this about. Under the provisions of this bill, the Shipping Board is directed to turn over to the President of the United States all shares in the Emergency Fleet Corporation in order that the control and operation of the entire Government owned fleet, together with docks, wharves, terminal facilities and other property now under the control of the Board may come under the executive branch of the Government. The President is empowered to vote those shares for carrying out the general purposes of the Merchant Marine Act of 1920.

So far as the sale of ships generally is concerned, I am quite willing to give that power to the Fleet Corporation. The establishment or discontinuance of routes involves policies and this is a proper matter for the Board and I keep this under its control. The reduction of established services is quite important and I safeguard that by putting it under the control of the President but require him to get the views of the Shipping Board and the Trustees of the Fleet Corporation before acting.

The control of the construction loan fund, under which private American citizens or corporations may obtain loans from the Government at a low rate of interest for the construction of vessels in American shipyards for operation under the American flag I leave with the Board. Also the Board should have the power to determine when new routes shall be established and make recommendations to the President. The President, in turn, should call on the Secretary of Commerce to make an effort to have these routes established by private shipping companies. Failing in this, he should report to the President with a view to the establishment of the desired service by the Fleet Corporation. I also feel that no line now in operation should be discontinued or curtailed without the approval of the President and the Shipping Board.

By these various provisions I feel that my bill if enacted into law will pave the way for more efficient and economic operation of the Government owned merchant fleet by placing it under a single executive head and at the same time will leave general merchant marine policies to the determination of the Shipping Board under the present system of regional representation.

Con

HON. DUNCAN U. FLETCHER

U. S. Senator, Florida, Democrat

I BELIEVE we must continue the Shipping Board, with regional representation.

The Shipping Board should be responsible to Congress and the country, rather than, primarily, to the President.

The Shipping Board should organize an operating force, such as the Fleet Corporation, and have it do the actual operating of ships. This force or agency, the Fleet Corporation, should be responsible to the Shipping Board, not to the President. This, because the President has not the time to conduct this enormous business. The general policies should be laid down by the Shipping Board and followed, including the specification of routes and services.

The details of operation, including contracts with agents and operators, the personnel, employees, supplies and repairs, and the like, should be left to the Fleet Corporation, holding the officers of that organization responsible for efficient and economical operation of the fleet and maintenance of the services considered desirable.

The Shipping Board should receive recommendations of the Fleet Corporation regarding the disposition, repairs, alterations and replacement of the ships and should determine such matters within their jurisdiction and powers.

I hold the Shipping Board has no authority of law to sell *serviceable* ships to be scrapped, even at more than a nominal price. There are ways pointed out in the law for the disposition of such ships. None of the ships should be sold on a sacrifice basis like an owner forced or obliged to sell.

Until private enterprise sees fit to go into overseas shipping as a business, until American capital makes up its mind to engage in foreign trade and for that purpose to acquire, own and operate ships under the American flag as a *bona fide*, permanent undertaking, the Government must own and must operate merchant ships to serve the need of American producers, manufacturers and shippers. Otherwise, we will be forced out of foreign trade and foreign markets and our competitors will do the business, carrying their goods in their own ships.

We cannot maintain our standard of living, and our important industries will go down, if we fail to establish and maintain an American Merchant Marine. Without competing with privately owned lines, the Government must, in the public interest, continue to own and operate merchant ships in overseas trade, so far as we now see, indefinitely. The Government must stay in until capital, private interests, come forward with proposals showing and offering, what the Act of 1920 says, "facts and conditions as would influence a prudent, solvent business man in the sale of similar vessels or property which he is not forced to sell."

As I view it, if the laws Congress has already and heretofore enacted were properly enforced and executed, our problem would be solved. There is really no need of further legislation by Congress. If policies which have been indicated, displacing the Shipping Board, or making it a suppliant agency to effect the determination to "get the Government out of business," are persisted in and prevail, our Merchant Marine is bound for the rocks and in five years we are likely to be where we were in 1914.

Should the Shipping Board Be Abolished?

Pro

HON. WALTER E. EDGE

U. S. Senator, New Jersey, Republican

THE present condition of our merchant marine makes it imperative that we take hold of the situation and straighten it out. In my opinion the Shipping Board is a useless agency because, while it is charged with certain regulatory functions under the Merchant Marine Act of 1920 its primary and, in fact, almost entire effort is directed to the operation and maintenance of the Government-owned merchant fleet. In short its main activities are operative while its regulatory activities are more or less incidental.

The executive or administrative authority should be directed by one man as it would be in any private business or corporation, and not under the control of a board. I know that the effort is made to compare the Shipping Board with the Interstate Commerce Commission and the Federal Trade Commission. But we do not own railroads and have them operated by the Interstate Commerce Commission and we do not own factories and have them run by the Federal Trade Commission. Even when, during the war, the Government took over the railroads it did not call on the Interstate Commerce Commission to operate them. They were put under a Director General of Railroads who ran the roads without interference from the Interstate Commerce Commission. Today the railroads are operating under general rules laid down by the Interstate Commerce Commission while the conduct of various businesses is carried on under regulations laid down by the Federal Trade Commission. But neither of these bodies actually attempts to operate.

I recognize that there are some regulatory responsibilities on the shoulders of the Shipping Board and if it can be demonstrated that there are enough of them, that they are of sufficient importance and that they cannot be exercised by one of the regular executive departments, I am open to be convinced. But at present I cannot see that these duties are of great importance. The Shipping Board can and does regulate coastwise and intercoastal shipping rates to the extent that they can fix maximum but not minimum rates. This work could be done by the Interstate Commerce Commission or the Bureau of Navigation of the Department of Commerce in conjunction with other existing offices. An American Shipping Board or a similar agency of any other Government can never regulate ocean rates. Foreign shipping is an international problem and no nation can dictate to other nations as to how they shall run their ships. Moreover, such questions come under the head of national policy and it is for Congress or the President to act upon them.

As to the question of regional representation on the Shipping Board, I recognize the right of sections of the country to consideration under a national shipping policy, but, on the other hand, I believe that real results could be obtained through the presentation of sectional claims by local representatives direct to a director of shipping. Then again every section has its Congressional representatives to defend local interests. We have only one cabinet officer at the head of each department and all sections are properly served.

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Con

HON. CHARLES L. McNARY

U. S. Senator, Oregon, Republican

IF THE proposed separation of the Emergency Fleet Corporation from the Shipping Board means a one-man control of the Government merchant fleet, I am strongly opposed to it.

The danger of such a plan of operation of the Government Fleet lies, in my opinion, in the strong probability that a single head of the Fleet Corporation would favor one port or a group of ports in certain sections to the disadvantage of the ports of other sections.

Under the one-man control the head of the Fleet Corporation would be apt to look at his task as one purely involved in ship operation. He would be anxious to make a good showing and an economical showing. Therefore, he would be inclined to favor those steamship services under his control which showed the best returns.

But this is not the intent and spirit of the Merchant Marine Act of 1920, as I understand it. That act states clearly in Section 1 that it is the intention of the Government of the United States to promote the establishment and maintenance of such shipping routes as may be necessary to promote the foreign trade of the United States. In other words, the ships of the merchant fleet are merely instrumentalities to take care of the foreign trade of the entire country.

In carrying out this policy it is necessary that adequate shipping facilities be distributed throughout the Atlantic, Pacific and Gulf ports so that the productive regions of those sections may find an outlet for their products. It may be that steamship lines out of some of these ports cannot be made to pay for several years, but in my opinion, it is the duty of the Government, nevertheless, to maintain them.

The citizens of these regions are taxed to support the costs of the merchant marine as well as the citizens who dwell near ports from which more profitable lines are operated. The very presence of definite shipping services will help build up those sections.

During the World War we were given a lesson on what it meant not to have adequate shipping facilities on the Atlantic Coast and the Gulf. Millions of tons of freight were piled up in the railroad yards and terminals around New York waiting for ships to take it out. Had the South Atlantic and Gulf ports possessed proper shipping facilities at that time much of that freight could have been sent to those ports and put on the ocean, thus relieving the congestion at New York.

The growth and development of the Pacific Coast is to a great extent dependent upon adequate facilities for shipping. The maintenance of services with definite sailings from all the Pacific Coast ports is a tremendous aid in the development of Pacific Coast production.

Therefore, I believe that not only the decision as to routes and services should be left in the hands of the Shipping Board, but that the Board should also retain actual control over the merchant fleet.

I am convinced that regional representation on the Board—actual regional representation with a vote in the Board—is essential if the spirit of the Merchant Marine Act of 1920 is to be carried out.

Should "One-Man-Control" of the Government Fleet Be Set Up?

Pro

HON. FREDERICK R. LEHLBACH

U. S. Representative, New Jersey, Republican

AS a result of all the various discussions on the subject, it is perfectly clear that the conduct of the Government merchant fleet, including personnel, ships, docks, wharves, terminals and everything that has to do with the operation of the ships should belong to a quasi-business organization, set up substantially as a private business corporation and directed by one man.

The Shipping Board in several resolutions that it has passed has set forth that this was their view. The Chairman of the Shipping Board, Mr. O'Connor, signed a report of a committee on the needs of the merchant marine, appointed by President Coolidge, in which the same declaration was made. Therefore, the Shipping Board, as a body, is estopped from denying that the best scheme for the operation of the ships is to have them under the control of the Fleet Corporation.

Furthermore, the results obtained under the regime of Admiral Leigh C. Palmer, as President of the Fleet Corporation, prove the correctness of the idea that the Fleet Corporation should be separated from the Shipping Board. The economic savings, the consolidation of routes, the reduction in the number of ships in operation, without reduction of cargo-carrying facilities and the big reduction in personnel accomplished by Admiral Palmer furnish striking evidence. And all this, notwithstanding that his plans for economies were repeatedly frustrated by the Board members, as a body and as individuals by the issuing of orders to subordinates of the Fleet Corporation without the knowledge of Admiral Palmer.

In view of the fact that the plan of separation has been substantially unanimously approved, I cannot see where any genuine opposition to it can come from. The President of the United States, the special committee appointed by him, whose members were Secretaries Mellon, Weeks, Wilbur, Hoover, Chairman O'Connor and Admiral Palmer; the American Steamship Owners' Association, the Chamber of Commerce of the United States and Senator Jones, chairman of the Senate Committee on Commerce and author of the Merchant Marine Act of 1920 have all expressed this view.

The other features of the bill I have introduced embody the tax exemption features which were contained in the Subsidy Bill which passed the House in 1921 and which would have been passed by the Senate but for a filibuster. By these various exemptions I seek to overcome, for the benefit of the American individuals or firms who will build or operate American flag tonnage, some of the handicaps American flag ships are compelled to face in meeting foreign competition in world wide trade.

These features provide that the owner of an American flag ship operated in the foreign trade shall be allowed a deduction of his income and excess profits taxes for a period of ten years after June, 1920, the amount of the deduction to be determined by the Shipping Board; that the building of vessels in American yards or the installation of Diesel engines shall be taken into consideration in

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Con

HON. TOM CONNALLY

U. S. Representative, Texas, Democrat

MR. LEHLBACH of New Jersey has introduced H. R. 5369 the purpose of which is to so amend the Merchant Marine Acts of 1916 and 1920 as to take from the United States Shipping Board the control and operation of merchant vessels owned by the United States and now operated by the Emergency Fleet Corporation under the supervision and direction of the Board, and to vest the actual operation of the ships in another agency. I am opposed to divesting the Shipping Board of its regional representation in the matter of the actual operation of vessels and in the establishment and maintenance of trade routes.

As early as December 18, 1924 there appeared in the Washington Times an article with headlines reading, "Shakeup Near in Three Offices" and "Coolidge is to Make Shifts of Tariff, Trade and Shipping Board Members." In that article appeared the following statement: "As for the Shipping Board the President is determined to bring about changes which will, under law, give the Emergency Fleet Corporation carte blanc authority in the operation of the Merchant Marine. Of late, Admiral Palmer, President of the Fleet Corporation, has been sorely hampered in his work by interference from the Shipping Board."

At frequent intervals since that date there have appeared statements and other evidence that the deliberate purpose of the administration is to place the actual operation of merchant fleets in some agency other than the United States Shipping Board. Last fall the President designated Mr. H. G. Dalton to make an investigation and recommendation with reference to the shipping problem and to report to him concerning it. Mr. Dalton's report of November 12, 1925 recommended the complete separation of the Emergency Fleet Corporation from the Shipping Board and the transfer to the Emergency Fleet Corporation of all the ships, terminal and other properties and facilities in connection therewith. When it is remembered that indications were given long in advance of the Dalton report as to what the views and attitude of the administration were with reference to stripping the Shipping Board of its powers, it is not difficult to understand the purport of the Dalton report.

Every large corporation in the country is controlled by a board of directors. Though it has its president or general manager, who exercises the physical and actual operation of its business, still back of the president or general manager there always remains the board of directors to determine policies and to outline the character and nature of its activities. Under existing law, the Fleet Corporation performs the actual physical operation of the ships under one directing head, the President of the Fleet Corporation. The United States Shipping Board is now and has been in the past a board of directors controlling policies to be pursued by the Fleet Corporation.

The Shipping Board, as is well known, by law is required to be composed of members from various geo-

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Should the Government Subsidize the Ship Operator?

Pro

MINORITY REPORT

Submitted by Mr. White, Me., R., Chairman of the Select Committee on United States Shipping Board, etc.

THE prospective buyer of Government vessels knows that replacements are but a few years ahead of him. The average age of the cargo vessels of the Government fleet in operation on August 1 last was 7 years. One of the reasons which militates against further acquisitions of our ships is this problem of replacements. The American ship operator appreciates that as soon as the brief life of vessels acquired from the Government at nominal prices is over he must face foreign competition with a differential against him in every item which makes up his operating costs.

The average cost of vessels in the United States can be stated as 100 compared with from 65 to 75 abroad. In the next 10 years, with labor and material high in the United States, this relative cost is liable to show a greater differential against us.

The British vessel has other advantages. It has coal and oil stations, and a trade gathering, a commercial and financial organization all over the world, built up through generations, loyal to and of material aid to the British vessel wherever she may go.

These replacement burdens and these differentials are a constant threat to the American ship operator. We are of the view that that if we are to have permanently a privately owned merchant marine this disadvantage must be overcome and the American ship must compete upon equal terms.

We know of no effective way to offset the differentials which exist except by Government aid to the ship operator. At different periods in our history there have been written into the law provisions designed to be of aid to ship operators. The recognition that such aid is necessary has not been by one party alone. Both of the great political parties have recognized the need, but neither has had a settled policy. We have provided for free ship-building materials and for free ships. Free materials and free ships have proved ineffective. At different times in our history we have paid postal subventions, but the policy has never been consistently followed and it has never been effective. At the best the benefits of mail subventions are limited to a few steamers suitable for mail transportation. Foreign vessels to-day receive approximately 36 per cent of the inadequate payments our Government makes for this purpose.

Through many years we have carried upon our statute books a provision for discriminatory duties, but for reasons which are well known no effort has been made to apply the terms of the law. It is likewise true that since 1920 there has been statutory authority for the application of the principle of preferential rail rates on goods moving in American vessels, but this section of the law has been inoperative. As matters now stand we must pass over as possibilities of aid these two latter means. We know of no alternative except direct Government aid, general in its terms, giving assistance to any American shipping firm willing to undertake the building and operation of American ships. We do not need to assert that

Continued on page 29

Con

MAJORITY REPORT

Submitted by Mr. Davis, Tenn., D., Ranking Democratic member of the Select Committee on United States Shipping Board and Emergency Fleet Corporation, etc.

WE are opposed to the payment of ship subsidies as unnecessary, unsound, uneconomical, and futile. Subsidies have never built or maintained a merchant marine worthy of the name, if any.

The shipping interests in nearly all nations urge the payment to themselves of subsidies and the granting of other government aid under the pretext that it is necessary for them to receive same in order to compete with the merchant marines of other nations.

However, it has become so evident that government subsidies and other aids to shipping are uneconomical and ineffective that such policies are being either curtailed or abandoned. This is notably the case with Japan, France, and Italy, who have been the most liberal subsidy-paying nations.

It is often asserted that England pays subsidies and grants other very substantial aid to her merchant marine, and that her great merchant marine has been the result thereof. Neither such a statement nor such a conclusion are in accord with the facts.

The amount paid by the United States for its foreign ocean mail payment or subventions is larger than the aggregate government aid paid by any other nation to its merchant marine.

The merchant marines of England and Norway have successfully competed with and out-distanced other national merchant marines receiving the largest amount of Government aid and paying the smallest wages, showing that such differentials do not count against superior ability, skill, and enterprise.

Advocates of ship subsidies talk much of alleged disadvantages and differentials against American shipping, but ignore the many advantages in favor of American shipping. Some of such advantages may be summarized as follows:

A large portion of the Shipping Board fleet has been sold and the remainder is being offered at such low prices that American owners have procured or can procure ships at a much lower cost than they have been procured or can be procured for elsewhere. This alone overcomes all differentials against American shipowners.

Our Shipping Board vessels are comparatively new and modern, whereas a very large percentage of foreign ships are old and out of date.

The large and liberal ocean postal pay of the United States.

Our immense coastwise trade is reserved exclusively for American flagships.

The very large foreign commerce of the United States is a distinct advantage in favor of American shipping.

Under the respective maritime liability laws British shipowners are held to much stricter accountability for the loss of life or property.

Tonnage taxes in the United States are much lower than those in foreign countries.

American shipping interests are not required to pay

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Pro—continued

MAJORITY REPORT—continued from p. 23

and reduction of ships. Although a majority of the Shipping Board refused to approve many of his recommendations, yet he forced his policies to such an extent that on August 31, 1925, a short time before his resignation, there were only 228 cargo vessels and 15 passenger vessels being operated by the Fleet Corporation.

We are not in sympathy with the proposal that this vast and important business should be turned over to any one man, no matter who that man may be. As a matter of fact, we have in effect had a one-man control ever since June, 1921, with the exception of the few months intervening between Chairman Lasker's resignation and the advent of Admiral Palmer and during the few weeks since Palmer's retirement.

Even now, the Shipping Board and Emergency Fleet Corporation constitute one of the largest industries in the world. They are now operating more ships than were ever operated by any other shipping concern. The general policies should be determined by a board representing the various sections of this country, as the law provides shall be the case with respect to the Shipping Board. Where is there any shipping concern or any other industry of any consequence whatever in which the policies are determined by the president or general manager, or any other one man? There is always a board of directors elected by the stockholders, the board of directors in turn electing the executive officer, and determining and directing the general policies.

This is a national problem and one in which all sections of the country are deeply interested. Its solution should be approached from such a viewpoint.—Extracts.

HON. WALTER E. EDGE—continued from p. 25

The Shipping Board is not making a showing that would warrant the continuance of the regional representation idea. A political board, based on regional representation, results in each member feeling that he must represent his particular section and this results in trading and swapping.

Any good business organization is run by a single executive and I do not see any reason why the Government should not follow good business methods whenever it is possible to do so.

HON. FREDERICK R. LEHLBACH—continued from p. 26

applying the tax reductions and that at least two-thirds of the cost of any vessel or the cost of Dieselizing shall be paid out of the owner's funds, in the event he avails himself of the Shipping Board construction loan fund. The vessel owner is also required to guarantee that a vessel on which these exemptions are obtained shall be kept under the American flag for a period of ten years.

My bill also provides that all mails of the United States shipped or carried on vessels shall, if practicable, be carried on American built vessels flying the American flag, the compensation to be determined by the Postmaster General and the Shipping Board, and that officers and employees of the Government, including legislative, judicial, diplomatic and consular officers, travelling on Government business shall travel in an American vessel unless transportation by such vessel is not practicable.

Con—continued

MINORITY REPORT—continued from p. 23

what may legitimately be termed "operating functions and powers incidental thereto." Section 7 of the act of 1920 directed the board to investigate and determine what services should be established between ports of the United States and foreign markets for the promotion, maintenance, and expansion of our commerce. We would retain this authority in the board.

If the operating functions are to be transferred to the Fleet Corporation, then there should be imposed upon the Fleet Corporation, as an incident to operations, the duty of maintenance and repair of the vessels.

The possession of the vessels should be in the control of the Fleet Corporation, and the right of sale should be in this body.

Under existing law the trustees and the president of the corporation are elected by the commissioners of the Shipping Board. The board cannot be free from responsibility for the operations of the Fleet Corporation and its officers, nor can the trustees of the corporation be independent of the board in the particulars enumerated so long as the board holds the stock of the corporation and elects the trustees. We recommend that the stock be transferred and be held by the president. This would give to the president the power to elect the trustees and the effective authority over the Fleet Corporation which he should have.

These changes would center in the Fleet Corporation the shipping operations of the Government and responsibility therefor.—Extracts.

HON. TOM CONNALLY—continued from p. 26

graphical and shipping sections of the United States, the Atlantic, the Gulf, the Pacific, the Great Lakes and the Interior. In a territory as vast as the United States, with such a diversity of interests and with so much coast and shipping areas, it is but simple justice to the whole people of the United States that in a matter affecting the government owned merchant marine, every section should have a representative upon the Shipping Board. So selected they are more competent to judge of the requirements of their particular areas, they have a better conception of the demands of commerce and the relative importance of ports and ocean borne traffic than could possibly be acquired by any single individual who might be invested with the operation of the Emergency Fleet under the plan proposed.

Certainly one of the cardinal purposes of establishing a government owned emergency fleet is to serve the commerce not of any one shipping area nor section nor particular trade routes, but to serve the commerce of the whole people of the United States. The Shipping Board with its regional representation as now provided by law can best perform that function. Its crystalized and composite views and judgment are more apt to represent the best interests of all the country than any single agency that could be provided. A large share of our foreign commerce passes through Gulf ports, another large share passes through the gateways of the Pacific. These areas should be represented in whatever body or agency is to determine the policies of the merchant marine and the operation of its vessels. The Lehlbach bill as expressive of the views of the administration would defeat that end.

Does Present Operation Ensure Security to Shipper?

Pro

T. V. O'CONNOR

Chairman, U. S. Shipping Board

NEITHER words, resolutions nor acts of Congress make a permanent merchant marine. Cargoes in the hold and passengers on the decks make a merchant marine and nothing else will do it.

The taxpayers of the United States are paying in annual interest nearly ninety millions of dollars upon the sum invested by the United States in ocean-going ships, and now we hear people on this side of the water engaged in whispering to the United States Government "Sink, sell and scrap your ships—get off the oceans." When American citizens become as widely informed on the subject of ocean commerce as they are upon internal industry and internal development, we shall have no trouble. It was only twenty years ago that waste and extravagance were the chief arguments of those who were opposed to good roads and the public building of highways. As soon as the people generally understood the subject, we got the good roads and the good highways. The situation will be just the same upon the oceans.

In fact, Congress undertook generally, for exporters and importers who were not organized, the identical thing which the Standard Oil Company had done for its shareholders, and the identical thing which the Steel Corporation had done for its shareholders. Why did these large industrial corporations put fleets on the oceans? They did it to secure for their products a market at all times, independent of the wishes or the interests of a foreign shipowner, a foreign government or a foreign manufacturer of steel or producer of oil.

We want the grower of cotton and the grower of wheat, the maker of automobiles and the maker of plows, all growers and all manufacturers, to enjoy for their products the same security which the Standard Oil Company and the Steel Corporation enjoy.

American vessels have one sailing a month, and they give the same rate given by other ships of the London Conference.

You have asked for advice as to the American Merchant Marine. One American speaking to many Americans gives the following advice: If this organization wants to be of real help to the American Merchant Marine, I would advise that you appoint a committee from the importers and the exporters and let them give the necessary orders, and your American Merchant Marine will be a success.—Extracts from address before American Manufacturers' Export Association, New York, December 16, 1925.

MINORITY REPORT—continued from p. 27

the aid paid by foreign governments is responsible for the growth and continued operation of their fleets. Notwithstanding many economic factors in their favor every government having a merchant marine, except our own, has deemed it necessary, and to their nation's advantage, substantially to aid by direct and indirect payments, their merchant vessels. We believe this direct aid by our Government is essential to assure permanent and profitable private operation of American ships in competition with the vessels of the world.—Extracts.

Con

THE JOURNAL OF COMMERCE (NEW YORK)

Extracts from Editorial, Dec. 18, 1925

IN addressing a body of exporters and importers the other day in this city one of the Washington shipping officials expressed the thought that all that was necessary was that a committee should be appointed which would "give the necessary orders," and that as a result the American merchant marine would be a success.

The "necessary orders" referred to are, of course, the orders to ship outgoing and incoming freight in American vessels, and if complied with the result would be to furnish American ships with the business they require.

Suppose that a man gave the "necessary order" to the members of his staff always to buy at a given store, always to purchase equipment from a given concern—how long would that man be able to continue in business. Not very long if he always had to pay more than everyone else, or if he always received less for his money. He would find that he was paying a voluntary subsidy to favored individuals or concerns, and he would last as long as his spare resources lasted, in competition with others who were better served.

This whole question simmers down to the one issue—do Government vessels or the "American Merchant Marine" of common parlance do just as well for the customer as anyone else? There is a decided difference of opinion on that subject. Not very long ago one of the commercial bodies of this city sent out a detailed questionnaire to practically everyone who was engaged in a specified trade with one of the Oriental countries. The answers that came back were severely critical of the vessels then engaged in the trade under Government auspices, not at all on the question of freight charges but with regard to time of delivery, regularity of loading and a variety of other matters. The business men in that particular trade did not give their business to Government vessels because they thought they could not afford to do so.

The facts in the case seem to show that where the service offered is equal and the charge made no higher, or, at least, not much higher, American vessels are, in fact, preferred by American shippers. Of course, our exporters and importers cannot absolutely dictate and "give the necessary orders" regardless of the men at the other end of the line. These men have their own orders to give and, unfortunately, are in the habit of giving them. But there is no reason why we should not get for our own vessels a full fair share of overseas trade whenever we furnish equivalent service.—Extracts.

MAJORITY REPORT—continued from p. 27

various fees for measuring of tonnage, issuing licenses, and for the performance of various other services by collectors or other officers of customs, inspectors, and shipping commissioners, which all foreign countries charge their shipping interests.

The picture of the present American merchant marine and of our position in the foreign trade is not nearly as black as it is too often painted by those who blacken the picture in order to make more impressive their insistence for Government bounties.—Extracts.

The White House

EDITOR'S NOTE: In the October, 1925 number, THE CONGRESSIONAL DIGEST inaugurated a new department. This department will report each month the outstanding public matters which have had the attention of the President during the preceding month. Such public matters will include appointments made by the President, addresses delivered by the President, executive orders, and proclamations issued by the President, etc. In the January, 1924 number of THE CONGRESSIONAL DIGEST, the Hon. Wm. Tyler Page, Clerk of the House of Representatives, U. S. Congress, fully described the position of the Executive under the Constitution. The July-August, 1924 number of THE CONGRESSIONAL DIGEST was devoted to a detailed account of the early and present system of election of the President, together with an article on the Powers and Duties of the President under the Constitution.

The President's Calendar

For the Period December 8 to 22, 1925

Legislation Approved:

Dec. 16—Joint resolution (H. J. Res. 67) authorizing payment of salaries of officers and employees of Congress for December on 19th of that month. Public Res. No. 1.

Dec. 17—Joint resolution (S. J. Res. 1) to continue increased postal rates, enacted during 68th Congress, in effect until second week of the second regular session of 69th Congress. Public Res. No. 2.

Dec. 22—Joint resolution (S. J. Res. 28) to declare Saturday, December 26, 1925, a legal holiday in the District of Columbia. Public Res. No. 3.

Important Executive Civilian Nominations Confirmed by the Senate:

DIPLOMATIC SERVICE

Ambassador Extraordinary and Plenipotentiary

Dec. 17—Charles MacVeagh to be ambassador extraordinary and plenipotentiary to Japan.

Dec. 21—Ogden H. Hammond to be ambassador extraordinary and plenipotentiary to Spain.

Envoys Extraordinary and Ministers Plenipotentiary

Dec. 17—Charles C. Hart to be envoy extraordinary and minister plenipotentiary to Albania.

Dec. 17—John Van A. MacMurray to be envoy extraordinary and minister plenipotentiary to China.

Dec. 17—Evan E. Young to be envoy extraordinary and minister plenipotentiary to the Dominican Republic.

Dec. 17—Alfred J. Pearson to be envoy extraordinary and minister plenipotentiary to Finland.

Dec. 17—John B. Stetson, Jr., to be envoy extraordinary and minister plenipotentiary to Poland.

Dec. 17—William S. Culbertson to be envoy extraordinary and minister plenipotentiary to Rumania.

Dec. 17—William W. Russell to be envoy extraordinary and minister plenipotentiary to Siam.

Diplomatic Agent and Consul General

Dec. 17—Maxwell Blake to be diplomatic agent and consul general at Tangier, Morocco.

STATE DEPARTMENT

Assistant Secretary of State

Dec. 17—Robert E. Olds to be Assistant Secretary of State.

DEPARTMENT OF TREASURY

Assistant Secretary of the Treasury

Dec. 18—Lincoln C. Andrews to be Assistant Secretary of the Treasury.

DEPARTMENT OF WAR

Secretary of War

Dec. 15—Dwight F. Davis to be Secretary of War.

Assistant Secretary of War

Dec. 15—Hanford MacNider to be Assistant Secretary of War.

POST OFFICE DEPARTMENT

Dec. 17—Warren Irving Glover to be Second Assistant Postmaster General.

Dec. 17—Robert S. Regar to be Third Assistant Postmaster General.

DEPARTMENT OF INTERIOR

Commissioner of Pensions

Dec. 15—Winfield Scott to be Commissioner of Pensions.

Deputy Commissioner of Pensions

Dec. 15—Edward W. Morgan to be Deputy Commissioner of Pensions.

DEPARTMENT OF COMMERCE

Director of the Bureau of Mines

Dec. 18—Scott Turner to be Director Bureau of Mines.

DEPARTMENT OF LABOR

Dec. 21—Harry E. Hull, Commissioner General of Immigration, Department of Labor.

Dec. 21—Ethelbert Steward to be Commissioner of Labor Statistics, Department of Labor.

DEPARTMENT OF JUSTICE

Dec. 14—William D. Mitchell to be Solicitor General.

Assistant Attorney Generals

Dec. 14—John Marshall to be Assistant Attorney General.

Dec. 14—Charles D. Lawrence to be Assistant Attorney General, Customs Division.

Dec. 14—Oscar R. Lunning to be Assistant Attorney General.

Dec. 21—Beatrice M. Parmenter to be Assistant Attorney General.

THE JUDICIARY

United States District Judges

Dec. 14—Merrill E. Otis, western district of Missouri.

Dec. 15—Edward J. Henning, southern district of California.

Dec. 17—William Clark, New Jersey.

Albert W. Johnson, middle district of Pennsylvania.

Dec. 18—Fred M. Raymond, western district of Michigan.

Dec. 21—Louis H. Burns, eastern district of Louisiana.

Dec. 21—Grover M. Moscovitz, eastern district of New York.

Dec. 21—Ira K. Wells, Porto Rico.

United States Circuit Judges

Dec. 14—John J. Parker, fourth circuit.

MISCELLANEOUS ESTABLISHMENTS

Member of the Federal Board for Vocational Education

Dec. 16—C. F. McIntosh.

Member of the United States Employees' Compensation Commission

Dec. 16—Harry Bassett.

Director of War Finance Corporation

Dec. 21—Floyd R. Harrison.

U. S. Civil Service Commission

Dec. 21—Miss Jessie Dell to be a civil service commissioner.

Reconsidered and reconfirmed Jan. 5, 1926.

United States Shipping Board

Dec. 17—John Henry Walsh to be a member of the United States Shipping Board for the unexpired term of six years from June 9, 1923.

Interstate Commerce Commission

Dec. 21—E. I. Lewis to be a member of the Interstate Commerce Commission for the term of seven years from January 1, 1926.

DISTRICT OF COLUMBIA

Member of the Board of Charities of the District of Columbia

Dec. 18—William J. Kerby to be member of the Board of Charities.

Commissioner of the District of Columbia

Dec. 21—Frederick A. Fenning to be a Commissioner of the District of Columbia for a term of three years.

Judge of the Municipal Court of the District of Columbia

Dec. 21—Mary O'Toole to be judge of the municipal court.

TERRITORIES AND INSULAR POSSESSIONS

Secretary of the Territory of Alaska

Dec. 16—Karl Theile.

Secretary of the Territory of Hawaii

Dec. 16—Raymond C. Brown.

Attorney General of Porto Rico

Dec. 15—George Charles Butte.

Governor of the Virgin Islands

Dec. 21—Martin E. Trench.

Action Taken on President's Recommendations to Congress—continued from p. 4

(S. 1910) to create a division of cooperative marketing in the Department of Agriculture. A companion measure (H. R. 6240) was introduced in the House on the same day by Mr. Haugen, Chairman of the Committee on Agriculture. Mr. Haugen announced that his committee would meet January 11 to start hearings on the bill. The measure has the approval of President Coolidge and the signed endorsement of representatives of 31 cooperative organizations.

Dec. 27—After a White House conference on December 26, at which President Coolidge discussed the agricultural situation with Secretary Jardine, it was announced that the administration is willing to approve a bill creating a commission to dispose of farm surpluses, provided it is understood that such measure shall not provide for price fixing and shall not require the government to be responsible for the marketing of crops.

Muscle Shoals

"Muscle Shoals . . . ought to be developed for the production of nitrates primarily, and incidentally for power purposes . . . the best possible disposition can be made by direct authorization of the Congress. I recommend the immediate appointment of a small joint special committee chosen from the appropriate standing committees of the House and Senate to receive bids. . . ."

Dec. 10—The President's message transmitting the majority and minority reports made to the President by the Muscle Shoals Inquiry appointed March 26, 1925, was received in Congress. The reports were referred in the Senate to the Committee on Agriculture and Forestry; in the House to the Committee on Military Affairs.

Jan. 4—The House Committee on Rules approved a resolution to create a joint congressional committee to negotiate for the leasing of the Government Muscle Shoals properties. The resolution as drafted by Mr. Snell, Chairman of the Committee, and by Mr. Garrett, Tenn., the Democratic leader, was amended by the Committee to provide for the leasing of the Government quarry properties at Waco, Ala. The joint committee would be composed of three members of the Senate Committee on Agriculture and Forestry, and three members of the House Military Affairs Committee. It would be directed to complete work by April 1. The resolution (H. Con. Res. 4) was reported (Report No. 36) to the House January 4, and was debated and passed on January 5, by a vote of 248 to 27. In the Senate, the resolution was referred to the Committee on Agriculture and Forestry.

Railroads

"I recommend that the Congress authorize such consolidations under the supervision of the Interstate Commerce Commission. . . ."

Dec. 21—Mr. Cummins, Ia., R., introduced a bill (S. 1870) to provide for the consolidation of carriers by railroad and the unification of railway properties. Under the bill the carriers would be given three years in which to propose their own forms of consolidation, after that the Interstate Commerce Commission would be directed to publish a plan under which systems not included in previous combinations might be brought together. The Senate Committee on Interstate Commerce will begin hearings on January 11 on the bill.

Reclamation

"The Congress has already provided for a survey which will soon be embodied in a report."

The Senate joint resolution (S. J. Res. 4) introduced by Mr. Pittman, Nev., D., for the suspension of the authority of the Federal Power Commission to issue licenses on the Colorado River and its tributaries until February, 1928, was agreed to in the Senate on December 22. In the House the resolution was referred to the Committee on Interstate and Foreign Commerce.

Federal Buildings

Jan. 4—Mr. Fernald, Me., R., Chairman of the Senate Public Buildings and Grounds Committee introduced a revised draft (S. 2007) of the bill to provide federal buildings both in Washington and in various parts of the country. The measure provides for program of \$165,000,000 of which \$50,000,000 would be expended in the District of Columbia. The measure is similar to the House bill (H. R. 6559) to provide for the construction of certain public buildings, etc., also introduced on January 4 by Mr. Elliott, Chairman of the House Committee on Public Buildings and Grounds. Hearings before the House Committee are scheduled to begin on January 6.

Mothers' Aid

"A carefully considered bill will be presented, which ought to have most thoughtful consideration."

The sub-committee of the House District of Columbia Committee will begin hearings January 5 on the proposed mothers' pensions legislation in the District of Columbia. Mr. Keller, Minn., R., is chairman of the sub-committee, the other members of the sub-committee are Mr. Gale H. Stalker, N. Y., R.; Mr. Robert G. Houston, Del., R.; Mrs. Mary T. Norton, N. J., D., and Mrs. Ralph Gilbert, Ky., D. Two bills are before the sub-committee. One is by Mr. Keller, who sought the passage of similar legislation in the 68th Congress. Mr. Keller's measure (H. R. 346), which has the endorsement of the District Commissioners, would provide that the welfare board administer the pension fund. The other measure (H. R. 4055) by Mr. Mills, N. Y., R., which is modeled on the lines of the present New York state law, provides for an agency independent of the welfare board to administer the pension fund.

The sub-committee of the Senate Committee on the District of Columbia has postponed its hearings on similar legislation until January 11. It has before it a bill (S. 120) by Mr. Wadsworth, N. Y., R., which is a companion measure to the Mills' bill, and a bill (S. 1929) by Mr. Capper, Kans., R., which is similar to the Keller bill in the House.

Reorganization

I suggest that this measure [for the reorganization of the various departments] be brought forward and passed.

Dec. 10—Mr. Mapes, Mich., R., introduced a bill to provide for a reorganization of the administrative branches of the Government, to create the reorganization board, and for other purposes. The bill was referred to the Committee on Rules.

Mr. Smoot, Utah, R., introduced a similar measure (S. 1334) in the Senate on the same day. The bill was referred to the Senate Committee on Appropriations.

The Supreme Court of the United States

EDITOR'S NOTE: This department of THE CONGRESSIONAL DIGEST began with Vol. 3, No. 1, and is devoted to a brief non-technical review of current decisions of the U. S. Supreme Court which are of general public interest. The June, 1923, number of THE CONGRESSIONAL DIGEST printed the provisions of the Constitution of the United States upon which the Judicial Branch of our Federal Government rests. This number contained an account of the U. S. Supreme Court and the system of inferior federal courts, the relation of the Judicial Branch to the Legislative and Executive Branches of the Federal Government, and the relation between the Federal Judiciary and the States. The U. S. Supreme Court, its present procedure and work, were also described.

The Court adjourned on Monday, December 15, 1925, until January 4, 1926.

THE OCTOBER, 1925 TERM

October, 1925—June, 1926

Article III, Section 2, Cl. 2 of the Constitution—Original Jurisdiction of the Supreme Court

The Case—No. 0. Orig. Ex parte in the Matter of Marcus Gruber, Petitioner.

The Decision—Motion for leave to file a petition for a writ of mandamus denied for want of original jurisdiction.

The Opinion—The opinion of the Court was delivered by Mr. Justice Sutherland, December 14, 1925, and is in part as follows:

This is an application for leave to file a petition and for a rule directing Albert Halstead, Consul General of the United States at Montreal, Canada, to show cause why a writ of mandamus should not issue commanding him to visa the passport or the certificate of origin and identity presented to him by one Rosa Porter, a citizen of Russia, who recently arrived in Montreal from Russia and from whom petitioner, a relative, desires a visit in the United States of several

months' duration. We do not review the averments of the petition, since, other questions aside, it is clear that this court is without original jurisdiction.

Article III, § 2, cl. 2, of the Constitution provides that this court shall have original jurisdiction "in all cases affecting Ambassadors, other public Ministers and Consuls." Manifestly, this refers to diplomatic and consular representatives accredited to the United States by foreign powers, not to those representing this country abroad. The provision, no doubt, was inserted in view of the important and sometimes delicate nature of our relations and intercourse with foreign governments. It is a privilege, not of the official, but of the sovereign or government which he represents, accorded from high considerations of public policy, considerations which plainly do not apply to the United States in its own territory.—Extracts.

Construction and Constitutionality of Act of Dec. 26, 1920—Ship Operators Liable for Medical Expense of Alien Seamen

The Case—No. 65. The United States of America, Petitioner, vs. New York & Cuba Mail Steamship Company. On a Writ of Certiorari to the U. S. Circuit Court of Appeals for the Second Circuit.

The Decision—The Court held that the expenses of medical treatment of alien seamen serving on American ships must be paid by the operators. The judgment of the District Court is affirmed, and that of the Circuit Court of Appeals reversed.

The Opinion—The opinion of the court was delivered by Mr. Justice Sanford, December 14, 1925, and is in part as follows:

The questions involved in this case relate to the construction and constitutionality of the Act of December 26, 1920, c. 41 Stat. 1082, entitled "An Act to provide for the treatment in hospital of diseased alien seamen." It provides: "That alien seamen found on arrival in ports of the United States to be afflicted with any of the disabilities or diseases mentioned in section 35 of the Alien Immigration Act of 1917—including any loathsome or dangerous contagious disease—shall be placed in a hospital designated by the immigration official in charge at the port of arrival and treated, all expenses connected therewith . . . to be borne by the owner . . . or master of the vessel, and not to be deducted from the seamen's wages."

The Steamship Company, a Maine corporation, is the owner of a merchant vessel of American registry. On a voyage from New York to the West Indies and return, this vessel carried a seaman who was a citizen of Chile. On returning to New York he was found by the immigration officials to be afflicted with a venereal disease, and on the order of the Commissioner of Immigration was placed in the Public Health Service hospital on Ellis Island for treatment. He was later discharged from the hospital as cured, and admitted into the United States. The Steamship Company having refused to pay the hospital expenses, the United States brought suit against it in the Federal District Court for the amount of such expenses. Judgment was recovered,

which was reversed by the Circuit Court of Appeals, on the ground that the Act applied only to seamen on foreign vessels. 297 Fed. 159. The case is here on writ of certiorari. 268 U. S.—

The question of construction presented is whether the term "alien seamen," as used in the Act, means seamen who are aliens, as the Government contends, or seamen on foreign vessels, as the Steamship Company contends; that is, whether in applying the Act the test is the citizenship of the seamen or the nationality of the vessel.

It is clear that the term "alien seamen" as used in the Act means "seamen who are aliens." It describes, aptly and exactly, seamen of alien nationality, dealing with them, as individuals, with reference to their personal citizenship; and it has no other significance either in common usage or in law.

The Steamship Company, while conceding that the Act as thus construed is constitutional as applied to foreign vessels, contends that as applied to American vessels it is repugnant to the due process clause of the Fifth Amendment in that "it imposes liability without causation or causal connection." This contention is without merit. The power of Congress to forbid aliens and classes of aliens from coming within the borders of the United States is unquestionable. Congress may exercise this power by legislation aimed at the vessels bringing in excluded aliens, as by penalizing a vessel bringing in alien immigrants afflicted with diseases which might have been detected at the time of foreign embarkation, *Oceanic Navigation Co. v. Stranahan*, supra, p. 332, or by requiring a vessel bringing in aliens found to be within an excluded class, to bear the expense of maintaining them while on land and of returning them, *United States v. Nord Deutscher Lloyd*, 223 U. S. 512, 517. There is no suggestion in any of these cases that this power is limited to foreign vessels. It may be exercised in reference to alien seamen as well as other aliens. And if they are found to be diseased when brought into an American port, the vessel, whether American or foreign, may lawfully be required to bear the expenses of their medical treatment.—Extracts.

Recent Government Publications of General Interest

The following publications issued by various departments of the Government may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C.

BUILDING CODES

Recommended Practice for Arrangement of Building Codes, Report of Building Code Committee. (Elimination of Waste Series. Department of Commerce). Price, 10 cents. Recommended outline for building code, classifications, general building restrictions, materials, loads, and stresses, construction, fire protection, elevators, plumbing, heating, signs and billboards, etc.

CATTLE INDUSTRY

The Cattle Industries of the United States and Canada. (Department of Agriculture). Price, 10 cents. Changing balance of trade in cattle and beef, similarity in methods of production in the United States and Canada, effect of duty, the marketing problem in Canada, conditions in the range-cattle industry, possible future developments, with appendix, and list of statistical tables.

CENSUS REPORTS

Census of Manufactures, 1923, Machinery, Machine Tools, Textile Machinery and Parts. Covers scope of the report, definition of machinery, description of tables, description of the industry, and tables, etc. (Department of Commerce). Price, 5 cents.

Number of Farms, by States and Counties, 1925, 1920, 1910, and 1900. (Department of Commerce). Price, 5 cents.

Cast-Iron Pipe. (Census of Manufactures, 1923. Department of Commerce). Price, 5 cents.

Cotton Manufactures, Cotton Goods, Cotton Small Wares, and Cotton Lace. (Census of Manufactures, 1923. Department of Commerce). Price, 5 cents.

CONCRETE

Plain Concrete for Farm Use—by T. A. H. Miller. (Department of Agriculture. Farmers Bulletin 1279, Reprint). Price, 5 cents. Proportioning the materials, consistency, estimating, forms, mixing, placing, care of concrete, protection from freezing weather, contraction and expansion joints, lintels, surface finish, concrete exposed to fire, and water-tight concrete.

EDUCATION

High School Education of the Farm Population in Selected States—by E. E. Windes. (Education Bureau Bulletin No. 6, 1925). Price, 5 cents. Comparative extent to which farm and nonfarm groups receive secondary education, persistence in high school, comparative intelligence of farm and nonfarm children as determined by group tests of mental ability, etc.

Parent-teacher Associations at Work—by Ellen C. Lombard. (Education Bureau Bulletin No. 30, 1925). Price, 5 cents. Scholarship foundations and student loan funds, parent-teacher movement in States, field service, work of committees, etc.

Recent Data on Consolidation of Schools and Transportation of Pupils—by James F. Abel. (Education Bureau Bulletin No. 22, 1925). Price, 5 cents. Consolidation of schools, transportation of pupils, and the one-room schools.

FARMSTEAD WATER SUPPLY

Farmstead Water Supply—by George M. Warren. (Department of Agriculture. Farmers Bulletin 1448). Price, 10 cents. Safeguarding the water supply, consumption of water, characteristics of good water, cisterns, filters, pumps, storage of water, etc.

FLORA OF UTAH AND NEVADA

Contributions of the United States National Herbarium, Vol. 25, Flora of Utah and Nevada—by Ivar Tidestrom. (Department of Agriculture). Price 80 cents. Plant communities in Utah and Nevada, the foothill-montane-alpine flora and its environment, and systematic treatment of the vascular plants, etc., with index.

HAY STANDARDIZATION

United States Grades for Timothy, Hay, Clover Hay, Clover Mixed Hay, and Grass Mixed Hay, Effective February 1, 1924, Including an Outline of Haymaking, Baling, and Loading Methods Essential to the Marketing of High Grade Hay—by Edward C. Parker. (Department of Agriculture Circular No. 326, Reprint). Price, 5 cents. Early work on hay standardization, explanation of United States grades for timothy and clover hay, etc.

HONEY

The Color Grading of Honey—by E. L. Sechrist. (Department of Agriculture Circular 364). Price, 5 cents. Requisites of a stand-

ard grader, description of grader, instructions for grading, and future development of graders.

INTERNATIONAL TRADE

International Trade in 1924—by J. J. Kral. (Department of Commerce. Trade Information Series No. 373). Price, 10 cents. Movement of prices, the physical volume of trade, shipping and navigation, foreign commerce of leading nations, the wheat trade, improvement in European trade, etc.

European Markets for Furniture. (Department of Commerce. Trade Information Bulletin No. 374). Price, 10 cents. General survey, kinds of furniture, materials used in British-made furniture, wages, selling methods, etc.

The Mexican Market for United States Foodstuffs—by Leslie A. Wheeler. (Dept. of Commerce, Trade Information Bulletin No. 380.) Price, 10 cents. Exports of foodstuffs to Mexico from United States, competition for Mexican foodstuffs market, Mexican import duties on foodstuffs, etc.

LABOR

References on Child Labor and Minors in Industry. 1916-1924. Compiled by Laura A. Thompson, librarian, Department of Labor Library. (Department of Labor, Children's Bureau Publication No. 147). Supplements Bureau Publication No. 18.

Decisions of Courts Affecting Labor, 1923-1924—by Lindley D. Clark and Stanley J. Tracy. (Department of Labor. Labor Bureau Bulletin No. 391). Price, 70 cents. Aliens, associations, bribery of employees, contempt of courts, contract for work, contract for employment, employers' liability, labor organizations, and workmen's compensation, etc.

LEAD INDUSTRY

The Lead Industry: 1, North America, South America, and Oceania—by R. M. Santmyers. (Department of Commerce. Trade Information Bulletin No. 368). Price, 10 cents.

The Lead Industry: 2, Europe, Asia, and Africa. (Department of Commerce. Trade Information Bulletin No. 371). Price, 10 cents.

NATIONAL FORESTS

What the National Forests Mean to the Intermountain Region—by Frederick S. Baker. (Department of Agriculture. Miscellaneous Circular 47). Price, 5 cents. Wealth that comes from the mountains, fur trade, irrigation, the lumber industry, the livestock industry, etc.

RADIO

A Statistical Study of Conditions Affecting the Distance Range of Radio Telephone Broadcasting Stations—by C. M. Jansky, Jr. (Bureau of Standards, Technologic Paper No. 297). Price, 5 cents. Covers form numbers one and two, of the Bureau of Standards Radio range tests.

REVENUE REVISION

Revenue Revision, 1925. The revised edition of the report of the hearings held before the Ways and Means Committee, House of Representatives, Oct. 19 to Nov. 3, 1925 on the proposed new revenue bill, with index. Price, \$1.00.

SAFETY ENGINEERING

Review of Safety and Health Conditions in the Mines at Butte—by G. S. Rice and R. R. Sayers. (Department of Commerce. Mines Bureau Bulletin No. 257). Price, 10 cents. Covers description of Butte mining district, metal production of district, methods of mining, mine fires, dust and ventilation investigation, water blasts, etc., with conclusions.

Bibliography of Fire Hazards and Prevention, and Safety in the Petroleum Industry. Compiled by Miss H. Britton and H. C. Miller of the San Francisco office of the Bureau of Mines. (Department of Commerce. Bureau of Mines). Part I. relates to fire hazards and prevention, and Part II. to safety and safety devices. Special attention has been given to legislation and legal regulations along safety lines.

WOODROW WILSON—MEMORIAL SERVICE

Woodrow Wilson, Memorial Address Delivered before the Joint Meeting of the Two Houses of Congress as a Tribute of respect to the Late President of the United States—by Dr. Edwin Anderson Alderman. Price, 60 cents. Covers memorial service, proceedings in the Senate, and House, and tributes, etc.

Congress Day by Day—continued from p. 10

SENATE—continued

Mr. Copeland, D., N. Y., D., spoke on the coal strike. An executive session was held. Adjourned.

HOUSE:

Mr. Wilson, Miss., D., took the oath of office. Continued debate on the revenue bill. Rejected an amendment by Mr. Frear, Wis., R., proposing a gift tax. Rejected amendments by Mr. Huddleston, Ala., D., and Mr. Drane, Fla., D., to reduce the tax rates on manufactured tobacco. Rejected amendments by Mr. Griffin, N. Y., D., to strike out the admission taxes. Rejected amendments by Mr. Hudspeth, Tex., D., and by Mr. McLeod, Mich., R., to reduce the tax rate on automobile parts, etc. Adjourned.

Friday, December 18, 1925

SENATE:

After the conclusion of the regular morning business before the Senate, Mr. Lenroot, Wis., R., moved that the Senate proceed in open executive session to the consideration of the World Court resolution (S. Res. 5). Mr. Lenroot and Mr. Walsh, Mont., D., addressed the Senate in favor of joining the Court. Mr. Borah, Ida., R., Chairman of the Committee on Foreign Relations, spoke against the proposal.

Resumed legislative session.

An executive session was held.

Adjourned until Monday, December 21, 1925.

HOUSE:

Resumed consideration of the revenue bill. Debated proposed rate on distilled spirits. Mr. Green, Ia., R., offered a committee amendment (which was adopted) providing for initial terms of 8, 12, and 14 years, and thereafter 14 years for members of the Board of Tax Appeals. The bill was reported to the House from the Committee of the Whole House. A motion to recommit was rejected by a vote of 147 to 267. The bill was passed by a vote of 390 to 25. The bill provides for tax reduction amounting to \$325,000,000. With the exception of several amendments offered by the Committee on Ways and Means, drawn to perfect the language of the bill, and the committee amendment changing the proposed terms of the sixteen members of the Board of Tax Appeals from life appointments to a maximum of 14 years, the bill went through the House in the form in which it was submitted by the Committee on Ways and Means. In the Senate, the bill goes to the Committee on Finance.

Mr. Madden, Ill., R., from the Committee on Appropriations, reported without amendment the bill (H. R. 5959) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1927. The bill was referred to the Committee of the Whole House. Adjourned.

Saturday, December 19, 1925

SENATE:

Not in session.

HOUSE:

Began consideration in the Committee of the Whole House of the bill (H. R. 5959) making appropriations for the Treasury and Post Office Departments. General debate was limited to ten hours. Mr. Byrnes, Tenn., D., discussed the bill.

Mr. Vare, Pa., R., urged the amendment of the Volstead Act by raising the alcoholic content of beverages to 2.75%, and criticized the present law as unenforceable.

The status of legislation dealing with the coal situation was discussed by Mr. Black, N. Y., D., Mr. Treadway, Mass., R., and Mr. Wainwright, N. Y., R. Mr. La Guardia, N. Y., Socialist, recommended direct control of the coal industry by the Federal Government.

Mr. Hawes, Mo., D., spoke on Federal encroachment on the rights of the States.

Mr. Gallivan, Mass., D., objected to an appropriation item

for prohibition enforcement in connection with securing evidence, and criticized certain activities of prohibition agents.

Mr. Abernathy, N. C., D., spoke on waterway development.

Passed the Senate joint resolution (S. J. Res. 28) declaring Saturday December 26, 1925, a legal holiday in the District of Columbia.

Mr. Tilson, Republican floor leader, and Mr. Garrett, Democratic floor leader, congratulated the Hon. William Tyler Page, the Clerk of the House, upon "his 44 years of continuous service as an employee and official of the House of Representatives."

Adjourned.

Monday, December 21, 1925

SENATE:

Mr. Walsh, Mont., D., and Mr. Pepper, Pa., R., spoke on the World Court. Mr. Lenroot, Wis., R., requested that the resolution for adherence to the Permanent Court of International Justice (S. Res. 5, Swanson, Va., D.) and also the statute for the Court be printed in the Record.

Resubmission of the name of Thomas F. Woodlock, New York, and the nomination of Richard V. Taylor, Alabama to be members of the Interstate Commerce Commission gave rise to a discussion of regional representation on the Commission.

An executive session was held.

Adjourned.

HOUSE:

Passed a resolution (H. J. Res. 65) for the participation of the government in the Philadelphia conference in 1926, on narcotic education. Mr. Reed, N. Y., R., spoke on the purpose of the conference.

Mr. Snell, from the Committee on Rules reported the resolution (H. Res. 59) to authorize the Committee on Interstate and Foreign Commerce to investigate the production, control and prices of rubber and other raw materials imported into the United States.

Continued consideration of Treasury and Post Office Departments appropriation bill (H. R. 5959). Mr. Madden, chairman of the Committee on Ways and Means explained the provisions of the bill.

Mr. Phillips, Pa., R., spoke on prohibition enforcement.

Mr. Dickinson, Ia., R., discussed various legislative proposals for Federal aid to farmers.

Mr. Begg, Ohio, R., criticized American policy in connection with Phillippine Islands.

Mr. Blanton, Tex., D., spoke on his resolution to abolish during peace time all court-martial trials in the Army and Navy.

Adjourned.

Tuesday, December 22, 1925

SENATE:

Considered and passed bills on the Calendar.

Mr. Heflin, Ala., D., criticized the operation of cotton exchanges.

An executive session was held.

Adjourned until Jan. 4, 1926.

HOUSE:

Special Committee appointed to investigate charges against John W. Langley, Representative-elect from Kentucky presented its report.

Practically completed work on the Treasury and Post Office Departments appropriation bill (H. R. 5959).

Mr. Griffin, N. Y., D., spoke on the expenditures for prohibition enforcement.

Mr. Wainwright, N. Y., R., defended the Mitchell court-martial. Mr. Shafer, Wis., R., replied.

Mr. Kelly, Pa., R., spoke on the development of commercial aviation and air mail routes.

Adjourned until Jan. 4, 1926.

Recommendations of Organized Labor—continued from p. 21

law, which released the law of supply and demand, brought about an equalization of wages of seamen in Europe and America while it was permitted to function even partially. It was never permitted to function fully; in the last nearly five years it has not functioned at all except where the enforcement depended on the courts and upon seamen bringing complaints. From 1916 to 1921 the wages of Europe followed the American wages upward like a wagon follows a horse uphill, when the two are hitched together. Beginning in 1921 and later wages have fluctuated, with the American wages keeping slightly above, but so slightly as to be in most instances negligible. Let the Seamen's Act be enforced in full and the differential will not be more than, at most, 1 per cent, and the wages of officers will be readjusted by equalization.

"(c) More expensive food scale . . ."

This is not true. The different nations have food scales for seamen, either as a statute or as regulation by competent government body, and these scales have been carefully examined by committees of Congress, who found them substantially alike. The American scale was based upon the scales of European countries, except England, and was then submitted to the office of the Surgeon General of the Public Health Service for anti-scurvitic qualities. This was done in 1898. The new English scale was adopted in 1906. The new American and English scales were both designed to abolish scurvy and beri-beri, of which in American vessels carrying about 8 per cent of the world's commerce we had an average of 36 cases yearly. In English vessels, with about 67 per cent of the commerce, there was an average of 60 cases yearly. If it be said that the American vessels feed above the scale, it is admitted that in the coastwise trade that is very largely true, but not so in the foreign trade; at any rate, no more so than foreign vessels.

"(d) Fifty per cent duty on repairs . . ."

This is true. It is part of the shipbuilding monopoly. It can and ought to be abolished.

"(e) Inspection laws . . . (i) Unfair measurement rules . . . (b) Larger crews . . ."

There is, in fact, no excuse for these statements. It would not be difficult to prove, if it were necessary, that the greater burden is on some of our competitors. A publication entitled "Navigation Laws"—Special Agent Series No. 114, issued by the U. S. Department of Commerce, deals with the laws covering inspection, measurement and manning of vessels of different maritime nations. From this booklet it is difficult to discover any justification for the statement that the shipowners of the

United States cannot compete because of the reasons enumerated in their pamphlet.

"(f) Numerous pay-day demands . . . (g) Government fines . . ."

The numerous pay-days here mentioned have reference to the payment of one-half of wages earned and not received in all ports where the vessel is loading or discharging cargo after the voyage has commenced, not however, oftener than once in five days and not more than once in the same port. This provision in the Seamen's Act was adopted to take the seamen out of the clutches of the ports harpies, who often had the advantage of the master's cooperation. Incidentally, it assists in the equalization of foreign and American wage costs. The complaint that it causes men to go onshore and get drunk, and to see the town, is unfortunately true in numerous instances; but as long as ship-owners insist upon carrying school boys, students, and others who simply make a trip to see the world the remedy is in their own hands. Once in a while real seamen do offend in this way, but there again the remedy is easy and clear. Let them charge the offender with statutory penalty of two days for one, or the cost of hiring a substitute.

Smuggling of aliens is at present an offense that is largely committed by Chinese crews; but it is as old as Chinese exclusion and could not be carried on except with the connivance of officers and, no doubt, by some owners. The remedy is in the shipowners' own hands and will remain there until Congress shall pass a law which will make the traffic too expensive.

"(h) Greater cost of equipment and supplies."

If the word equipment as here used means boats, winches, anchors, chains, etc., and they are bought as they would be in the United States, it is no doubt true as to some of the things; but supplies are by all vessels alike bought where they are cheapest and the vessels are on equality; if the word "equipment" here has the same meaning as supplies, which seems possible, then there is no truth at all in this specification.

"(i) Higher cost of overhead . . ."

If by this it is meant to say that the salaries of officers of American shipping corporations and that the wages of the office help employed by them is higher than in Europe, this specification may be true (it very likely is), but if it applies to work done on vessels while in American harbors, then it is not true. Longshoremen and other harbor workers get the same in American ports from foreign and American vessels, and the same applies in all of the ports of the world, so in this there is no handicap that prevents competition.—Extracts.

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